



# ***Daily Report***

## **East Asia**

**FBIS-EAS-95-057**  
**Friday**  
**24 March 1995**

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# Daily Report

## East Asia

FBIS-EAS-95-057

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## Japan

### Resumption Date of Auto Trade Talks Confirmed

OW2403050895 Tokyo KYODO in English 0453 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Japan and the United States will resume auto trade talks from next Monday [27 March], Japan's International Trade and Industry Minister Ryutaro Hashimoto said Friday.

Subcabinet-level talks will be held Monday while a working-level meeting will take place for two days from Tuesday, both in Tokyo, Hashimoto told a news conference.

The coming talks, part of the bilateral framework negotiations, will focus on how to improve U.S. access to Japan's auto repair parts and finished-car markets, Hashimoto said.

But the talks will not deal with a voluntary foreign autoparts purchase plan by Japanese carmakers.

"Both parties agreed such a plan is out of the scope for framework talks," Hashimoto said.

In Washington on Thursday, U.S. Trade Representative Mickey Kantor said, "we will discuss a whole range of problems in terms of penetration of markets."

"Japan's market is not open and that can't even be debated," Kantor said, adding that Japan's is the second-largest auto market in the world so penetration is critical to the future of U.S. workers.

Kantor said the replacement market "is overregulated" and Japan uses "safety for every excuse to keep American parts out of the market."

The talks have been frozen since February as the two parties were unable to narrow a gap over specific ways to improve U.S. makers' access to the Japanese market.

The U.S. began a section 301 probe into the trade area last October. Some reports said Washington has moved forward the section 301 deadline for trade sanctions against Japan to the end of April from Sept. 30.

Japan has repeatedly said it will file a complaint with the World Trade Organization if the U.S. takes retaliatory steps like section 301 of the 1974 trade law.

Auto trade is the only pending issue among the four priority framework topics.

### Further on Resumption

OW2403140195 Tokyo KYODO in English 1348 GMT  
24 Mar 95

[FBIS Transcribed Excerpt] Tokyo, March 24 KYODO—The United States is likely to offer new proposals on ways to expand American penetration into

Japan's auto and auto parts markets during upcoming talks, a senior Japanese official said Friday [24 March].

"Washington appears willing to offer new proposals" to get the stalled auto talks rolling again, the official at the Ministry of International Trade and Industry Ministry (MITI) said.

Japan announced earlier in the day it will resume auto trade talks with the U.S., part of the bilateral "framework" negotiations, from next Monday.

The MITI official said the new proposals will focus on expansion of Japanese purchases of U.S.-made repair parts and of Japanese dealers' handling of American cars.

But the officials did not give further details.

Japan and the U.S. will hold subcabinet-level auto talks on Monday and a working-level meeting for two days from Tuesday, both in Tokyo.

The coming talks are intended to bridge a gap between the two nations on how to improve U.S. access to Japan's auto repair parts and car markets, MITI Chief Ryutaro Hashimoto told Friday's press conference.

But the talks will not deal with a voluntary foreign auto parts purchase plan by Japanese car makers, he said. "Both parties agreed such a plan is out of the scope of the framework talks," he said.

The senior MITI official said both parties intend to seek settlement of the long-drawn trade issue before a "quadrilateral" trade ministerial meeting in Canada in May.

"The meeting is likely to become a kind of turning point," said the official, who declined to be identified.

He said if the issue is not concluded by the four-way trade meeting, it will drag on beyond the June summit between Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton during the Halifax gathering of leaders from the Group of Seven (G-7) industrial countries.

Clinton will probably not get tough with Japan on the issue, out of fear that mishandling the issue would damage his leadership on the economic front, the official said.

Japan and the U.S. left the negotiation table on auto trade in mid-February, after confirming what the Japanese side terms "a wide discrepancy of views."

During the meeting, Tokyo proposed a set of steps to the U.S., aimed at expanding the number of Japanese dealers handling American cars.

The measures included holding a joint survey of 1,600 Japanese dealers to see if they are willing to sell foreign automobiles.

Japan also proposed it select several dozen car dealers who are willing to deal in foreign cars and arrange for them to meet officials from the "big three" U.S. auto makers. [passage omitted]

### U.S. Demands Criticized

OW2403023795 Tokyo KYODO in English 0219 GMT  
24 Mar 95

[FBIS Transcribed Text] Washington, March 23 KYODO—Japanese automakers criticized Thursday [23 March] demands by the United States in auto and auto parts talks with Japan as only aiming to impose "purchasing quotas."

The demands "are for quotas, pure and simple," said William Duncan, director general of the Washington office of the Japan Automobile Manufacturers Association (JAMA).

Duncan said in a statement that the U.S. negotiators are linking their demands for parts purchasing to their claim that the stringency of Japan's vehicle safety inspection system hinders sales of U.S. replacement parts in Japan.

"This means," he said, "that the (U.S.) administration is prepared to retaliate on one issue in order to obtain bargaining leverage on another."

The statement came as U.S. Trade Representative Mickey Kantor told a National Press Club luncheon earlier in the day that the stalled auto trade talks will be resumed Monday in Japan, and that the U.S. is seeking commitments by Japan in three areas.

The three areas are wide access to Japan's finished vehicle market, auto parts purchases in Japan and the U.S. by Japanese automakers and deregulation of the Japanese market for replacement parts.

Kantor's remarks suggested that the U.S. is linking all three areas with a section 301 investigation which was initiated last October only against the replacement parts market.

Duncan stressed that "this makes even less sense when one looks at the record of achievement which JAMA member companies have made with U.S. suppliers."

Jama is a Tokyo-based national trade association of 13 major automakers.

Over the last decade the Japanese automakers have invested over 12.5 billion dollars in the U.S. economy, currently producing over two million vehicles and employing 37,000 workers in the U.S., Duncan said in the statement.

There are now more than 1,200 U.S. suppliers in 44 states doing business with Japanese automakers, he said.

"In a free-market system you can't demand that companies buy supplies according to government expectations," Duncan said, stressing that "the private-sector approach has worked, purchasing quotas will not."

### Ministers to Work on Final Deregulation Plan

OW2403044695 Tokyo KYODO in English 0409 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Select cabinet ministers agreed Friday [24 March] to make final efforts to thrash out by the end of the month a comprehensive five-year program aimed at easing administrative rules and regulations.

The ministers also reaffirmed the need to live up to domestic and foreign expectations for Tokyo's deregulatory efforts, Chief Cabinet Secretary Kozo Igarashi said at a news conference.

The cabinet ministers who discussed decontrol were Igarashi, Foreign Minister and Deputy Prime Minister Yohei Kono, International Trade and Industry Minister Ryutaro Hashimoto and Management and Coordination Agency Chief Tsuruo Yamaguchi.

The administration of Prime Minister Tomiichi Murayama is striving to craft a five-year deregulatory program by the end of March and is scheduled to approve a final package at a regular cabinet meeting on March 31.

The five-year plan is intended to fulfill Japan's de facto international pledge to restructure the nation's economy through relaxation of administrative rules and regulations, and ensure foreign businesses greater access to Japanese markets.

The planned package is also expected to help trim Japan's chronic trade surplus which has prompted the yen to again hit record levels in global currency markets.

At Friday's informal cabinet talk, Murayama urged his ministers to make last-ditch efforts to come up with sufficient deregulatory measures, according to Igarashi.

Saying the final plan should avoid vague wording on deregulatory items, Igarashi told reporters the government will make final efforts to fine-tune some additional centerpiece items early next week.

The final program will be a list of about 1,050 deregulatory steps, he said, adding that some fresh deregulatory items may be added to the final package.

Although the government released an interim report on deregulation on March 10, domestic industrialists and foreign countries have voiced disappointment at its contents, saying fresh measures are lacking.

### Final Draft Previewed

OW2303150795 Tokyo KYODO in English 1441 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—The ruling coalition parties of Prime Minister Tomiichi Murayama's administration have decided to include in the final report a requirement that any newly instituted

official regulation be reviewed after a certain period, official sources said Thursday [23 March].

The sources said the requirement is dubbed the "sunset format."

Just as the sun sets each day, drafters of the report believe that each new regulation should not be allowed to be in place for an indefinite period or that the necessity of such regulations should be reviewed, the sources said.

In the introductory part of the final report, the government will call for the principle of authorizing the entry of foreign businesses into the Japanese market to be observed under this condition, the sources said.

However, the government will include wording that says some regulations designed to protect people from industrial pollution—such as a requirement that an appraisal of possible effects on the environment from certain industrial projects be conducted—are necessary.

The report will also call for enhancing measures to protect jobs from increased competition with foreign businesses expected to be spurred by various deregulatory steps, they said.

It will also urge a review of the practices of Japanese Government ministries and agencies to set up numerous advisory councils of civilian experts to put forward proposals on policies that should be adopted by the government, they said.

Drafters of the final report also included specific timetables for implementation of a total of 36 deregulatory steps out of a total of 120 specified on a list compiled by the coalition's project team on administrative deregulation, they said.

These deregulatory steps will be included in the final report and the cabinet will approve the whole report at a meeting slated for March 31, they said.

### Plan Outline Revealed

*OW2403054095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Mar 95 Morning Edition p 5*

[FBIS Translated Text] A draft (outline) of the government's five-year deregulation plan, which is to be announced late this month, was revealed on 22 March. According to the draft, the plan will be reviewed at the end of each year and modified at the end of each fiscal year. In addition, the plan will incorporate "sunset provisions," in which it will be expressly stated in law and made clear in other ways that newly issued regulations will be reviewed after a designated period. There is also a plan to compile a "Deregulation White Paper" (tentative name). However, the "sunset provisions" will only apply to newly issued regulations. This is a backward step in comparison to recommendations made in an Administrative Reform Promotion Headquarter's

Deregulation Study Committee [DSC] report. Therefore, it seems likely that business and various other circles will remain dissatisfied.

The government plans to come up with a final draft of its deregulation plan by the end of this week and make a final decision on it at a 31 March cabinet meeting. The draft plan consists of four sections: the goals of the deregulation plan, its basic guidelines, how to promote the plan, and the positive undertaking of policies to promote competition. Among the deregulation plan goals are: resolution of external trade friction by increasing domestic demand and promoting imports, shrinking the gap between commodity prices at home and abroad, and cutting down administrative red tape.

Regarding existing regulations, the government will review the deregulation plan's contents each fiscal year. Specifically, the government will set up an office at each government ministry and agency to receive requests and listen to suggestions from home and abroad.

Regarding newly issued regulations, the "sunset provisions," in which, as a rule, a review will be made regarding whether to maintain or abolish such regulations after a designated period, will be included in the law. In case it has been determined that a new regulation must be maintained after the review, there is a requirement that clarification be made regarding the necessity and reasons for maintaining the regulation. In case new regulations need to be issued, reviews will be made by the minister's secretariat under each government ministry and agency and other departments that are empowered with overall coordinating capacity. Moreover, the Cabinet Legislation Bureau, the Management and Coordination Agency, and the Finance Ministry will examine the validity of new regulations. In this way, the government plans to reinforce its examination process.

The government's draft deregulation plan also expressly states that to clarify such matters as the actual situation regarding the plan's implementation, a deregulation white paper will be compiled and publicized. The government will also start working on laying out indicators that will give an accurate picture of the deregulation plan's actual state and the progress being made.

Regarding the "sunset provisions," in its report, the DSC said: "Each government ministry and agency will review all regulations under its jurisdiction after a designated period. This review will include the possible abolishment of these regulations." However, the government's latest draft deregulation plan only mentions newly issued regulations. Moreover, the draft states that regulations will be reviewed only under the unanimous consent of all government ministries and agencies. Even regarding the issue of setting up offices to listen to suggestions from at home and abroad concerning deregulation, the DSC has urged "setting up a permanent working panel" for reviewing the government's deregulation plan.

**Ministers Urge Steps To Counter Yen's Rise**

OW2403042295 Tokyo KYODO in English 0336 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Cabinet ministers on Friday [24 March] expressed renewed concern over the yen's steep rise in global currency markets and urged necessary measures to counter its dampening effects on the Japanese economy, a government spokesman said.

At an informal cabinet meeting, Environment Agency Chief Sohei Miyashita proposed setting up a council to discuss ways to cap the yen's advance to record-high levels against major global currencies, Chief Cabinet Secretary Kozo Igarashi told a news conference.

"It is necessary to grasp the currency market situation correctly and take sufficient countermeasures," Miyashita was quoted as saying.

While hailing the proposal for the creation of a special council on the yen's surge, International Trade and Industry Minister Ryutaro Hashimoto spoke of the need to make all-out efforts to assist small- and medium-sized companies, Igarashi said.

Labor Minister Manso Hamamoto also urged the government to beef up efforts to assure employment at such firms.

Finance Minister Masayoshi Takemura voiced grave concern over the yen's steep ascent and reiterated that the government has been "seriously" working to combat it.

The dollar was trading at 88.45-48 yen in midmorning in Tokyo, a slight recovery from late Thursday's quotes of 88.15-25 yen in New York and 88.10-20 yen in London.

In New York dealings on Thursday, the dollar touched 87.97 yen, its first-ever fall below the 88 yen line, in reaction to U.S. Trade Representative Mickey Kantor's remark indicating that Washington approves of the current yen-dollar level.

Trade woes, particularly the persistent trade imbalance between Japan and other countries, have been a constant backdrop to the dollar's long downward drift to a string of postwar lows.

The Japanese Government has repeatedly contended that the recent yen-dollar exchange rates have resulted from speculative market movements and do not accurately reflect the nation's economic fundamentals.

Takemura told a news conference later that the government will ask experts for more advice to make the right decisions on steps to deal with the yen's sharp appreciation.

"We should make unerring judgment on the currency issue by hearing more views from outside persons concerned and experts," he said. "We have to do what we need to do without fail."

Asked about the possibility of lowering interest rates to arrest the yen's further gain, Takemura said, "I hope the Bank of Japan will make judgments by carefully watching economic developments."

Also Friday, Prime Minister Tomiichi Murayama said he expects the soaring yen to moderate after the March 31 end of the current fiscal year when Japanese companies reduce their dollar selling.

"It's the end of the fiscal year, so dollar-selling movements have emerged," Murayama told reporters. "When the fiscal year is over, I have expectations it will improve a bit."

Currency dealers say one reason for the yen's relentless strength is that Japanese companies are cashing in dollars and other foreign currencies overseas and repatriating profits to spruce up their books for the end of the present fiscal year.

At Friday's informal cabinet session, Murayama told his ministers to make efforts to quickly draw up a first supplementary budget for fiscal 1995 starting April 1, according to Igarashi.

**Murayama Expects Yen Rise To Moderate**

OW2403011195 Tokyo KYODO in English 0055 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Prime Minister Tomiichi Murayama said Friday [24 March] he expects the soaring yen to moderate after the end of the fiscal year when Japanese companies reduce their dollar selling.

"It's the end of the fiscal year, so dollar-selling movements have emerged," Murayama told reporters in the Diet hours after the Japanese currency knocked the dollar in New York briefly to 87.97 yen, another postwar low. "When the fiscal year is over, I have the expectation it will improve a bit."

Currency dealers say one reason for the yen's relentless strength is that Japanese companies are cashing in dollars and other foreign currencies overseas and repatriating profits to spruce up their books for next Friday's end of the fiscal year.

**Takemura on Need for Correct Yen Decisions**

OW2403025495 Tokyo KYODO in English 0235 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Finance Minister Masayoshi Takemura said Friday [24 March] the government will ask experts for more advice to make the right decisions on measures to counter the yen's sharp rise against the dollar.

Takemura said at a press conference after a regular cabinet meeting, "we should make unerring judgment on the currency issue by hearing more views from outside persons concerned and experts."

Regarding the yen's appreciation as much more serious, Takemura said, "we have to do what we need to do without fail."

As a backdrop of the yen's advance against other major currencies, Takemura cited Japanese exporters' selling of the dollar ahead of the March 31 book closing, as well as comments by U.S. Trade Representative Mickey Kantor.

On Thursday, Kantor cited currency rates as one reason for a decrease in the U.S. trade deficit with Japan that induced a spurt of dollar-selling against the yen in New York.

Asked about the possibility of lowering interest rates to arrest the yen's further gain, Takemura only said, "I hope the bank of Japan will make judgment by carefully watching economic developments."

While acknowledging the importance of interest rates for economic and currency measures, Takemura said he is not in a position to comment directly on the issue, which is under exclusive jurisdiction of the central bank.

### Hashimoto Concurs

OW2403042895 Tokyo KYODO in English 0405 GMT  
24 Mar 95

[FBIS Transcribed Text] TOKYO, Mar 24 KYODO—International Trade and Industry Minister [MITI] Ryutaro Hashimoto on Friday [24 March] proposed launching a meeting of experts to forge effective steps to arrest the yen's unabated strength against the dollar.

"The seriousness of the foreign exchange market has increased further," Hashimoto told a news conference. "We are not in a situation in which we can just wait," Hashimoto said.

In New York trading Thursday, the dollar sank to another global low of 87.97 yen, eclipsing the previous low of 88.35 yen registered just two days ago in the same market.

Hashimoto said the creation of the expert meeting on currency issues was first proposed by Environment Agency chief Sohei Miyashita during an informal meeting of cabinet ministers earlier in the day.

"I support his idea," Hashimoto said.

Hashimoto quoted Miyashita as saying that just gathering together economic ministers would be "nothing new."

The proposed experts' meeting should be something that can "get to the root of the problem," Miyashita was quoted as saying.

Ministers in charge of economic affairs recently met at Prime Minister Tomiichi Murayama's official residence to discuss ways to help small companies which are struggling under the strong yen.

Measures introduced at the meeting—the extension of operating funds for small firms beyond their March 31 expiration and the expansion of employment adjustment subsidies—should be implemented as scheduled, said Hashimoto.

"The dollar has fallen so much against the yen, we would feel relieved if the U.S. currency stays even at the 88 yen level," Hashimoto said, commenting that "our being forced to have this kind of feeling is very sad."

He said monetary authorities should make further efforts to turn around the situation.

Prime Minister Tomiichi Murayama on Friday underscored the need for the government to formulate "a first supplementary budget" for fiscal 1995 that takes into account the recent strong yen, as well as reconstruction work in areas in western Japan hard hit by the great Hanshin earthquake.

Murayama's use of the term "first," instead of merely referring to an extra budget, apparently reflects government preparedness to compile "a second extra budget" to tackle serious problems troubling the Murayama cabinet, including the strong yen.

Hashimoto said he was impressed by Murayama's remark, and commented, "I want to see a second extra budget that is strong enough to resist the current yen surge."

The national budget for fiscal 1995, beginning in April, was enacted Wednesday.

During the same press conference, Hashimoto renewed his call for an end to the ban on the establishment of holding companies.

The creation of such companies is forbidden under Article 9 of the Antimonopoly Law. The ban is based on the perception that control of other companies through the holding of shares might limit competition, as was seen in prewar days.

The Fair Trade Commission (FTC) recently decided not to include a review of the provision in the government's five-year deregulatory package for release at the end of March.

"I am prepared to have debate with the FTC chief on the issue, in front of the prime minister," Hashimoto said.

"Japan's stance on this problem should be clarified in the five-year package," Hashimoto said.

On other deregulatory issues, Hashimoto said MITI will include in the package a commitment to review the Large-Scale Retail Stores Law by the end of fiscal 1999.

MITI previously said the law will be reviewed "on a medium-term basis," a stance that has triggered foreign criticism.

The Large-Scale Retail Stores Law has come under fire for blocking the entry of foreign retailers into Japan, through its tough restrictions on the opening of new stores.

### Komura Addresses Cause of Surging Yen

OW2403024395 Tokyo KYODO in English 0154 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—A government economic package to combat the soaring yen is possible, Economic Planning Chief Masahiko Komura said Friday [24 March], hinting at behind-the-scenes action.

"We're considering it, so it may surface all at once at the time to do it," the Economic Planning Agency [EPA] director general said, referring to a possible yen-busting package. "But there are many things that currency authorities can do perfectly well below the surface."

Addressing a regular news conference, hours after the Japanese currency pushed the dollar briefly below the 88 yen line in New York for the first time, Komura said the prime cause of the yen's surge is "speculation."

But he also cited as a factor, in his view, that "the United States has not clearly shown a plan to reduce its fiscal deficit to defend the dollar."

Economists often cite the U.S. budget and trade deficits as major fundamental causes for the steady erosion of the dollar's value against other currencies.

### Business Efforts To Boost Stock Market Urged

OW2403065695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Mar 95 Morning Edition p 5

[FBIS Translated Text] Keidanren [the Federation of Economic Organizations of Japan] President Shoichiro Toyoda stated at a 20 March news conference that corporations themselves should start to take their own measures to deal with declining stock prices, saying "enterprises should make as much of their own efforts as possible." He gave two concrete measures as examples: hiking dividends and promoting corporation's procurement of their own stocks.

Regarding yen appreciation, he stressed: "There are a variety of ways to deal with it. For example, transferring plants to foreign countries, revising the prices of exports, or increasing yen-based exports." Therefore, he pointed out the need for the corporations' own efforts.

Keidanren has so far demanded that the government take such measures as stimulating domestic demand to deal with the yen hike. However, Toyoda's remarks seem to reflect his observation that both policy coordination among advanced nations to stabilize exchange rates or government measures to prop up stock prices would be difficult.

Toyoda stressed the need for corporations' own efforts to prop up stock prices. He argued that corporations should not merely claim that "the stock market is a problem," but "they should do what they can within their company." Touching on the yen hike, he said: "Basically, each industrial sector or each company should carry out their own measures to handle the yen hike. It is important that each company continuously deal with this if Japan wants to reduce the trade surplus concentrated on this country."

Moreover, Toyoda stated his view on whether or not companies, such as electric or gas companies, that import raw materials or products from foreign countries should lower product prices. He said: "They should return part of their profit to consumers if they could import materials cheaper."

However, regarding the idea of self-restraint exports that advocates reducing exports, he stated a negative view. He said: "It is desirable to activate the world economy. What is needed is to eliminate the trade imbalance by boosting both imports and exports."

### Government Names New Import Promotion Zones

OW2403063095 Tokyo KYODO in English 0559 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—The government said Friday [24 March] it has designated five more areas for import promotion, bringing the total number of such zones to 18 across the nation.

Newly named as foreign access zones (FAZ) are ports in the prefectures of Miyagi, Kyoto, Kochi, Kumamoto and Tottori, the Ministry of International Trade and Industry said.

FAZ are intended to promote the smooth flow of imports into Japan's distribution channels, and are usually located near ports and airports.

Government policy is to concentrate import-related facilities, such as warehouses, processing equipment and exhibition halls, in the FAZ areas.

The government first named six FAZ areas in March 1993, based on a temporary law designed to stimulate imports and foreign investment.

### MOF on Issue of Asset-Backed Corporate Bonds

OW2303141795 Tokyo KYODO in English 1321 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—The Ministry of Finance (MOF) decided Thursday [23 March] to permit the issue of asset-backed corporate bonds in Japan in the next fiscal year, government sources said Thursday.

The ministry permitted Japanese companies last year to issue such bonds overseas.

The sources said the United States, in the so-called framework trade talks on finance with Japan in January, called for the way to be opened for the issue of such bonds in Japan.

According to the sources, a consumer credit company will transfer its claims on a consumer to another concern.

The concern will then issue corporate bonds against the security of the claims for sale to investors. Payment of interest to investors will be made from the consumer's monthly payments to the credit company.

Similarly, a leasing company will hand over its claims on a client to another company, which, in turn, will issue corporate bonds against the security of the claims for sale to investors.

The separation of good claims from leasing and consumer credit companies, the securitization of such claims and the offering of such securities to investors in small lots are largely counted on to promote the mobilization of corporate claims and will open up a new way to raise corporate funds, the sources said.

The Ministry of International Trade and Industry, which has jurisdiction over consumer credit companies along with the MOF, has also called on the MOF to permit such domestic securitization.

There is also a strong call for the domestic securitization of manufacturing companies' sales claims.

The MOF is poised to study the proposal in the future, the sources said.

#### Slower Domestic, G-7 GDP Growth Predicted

OW2303130595 Tokyo KYODO in English 1118 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—The real growth of gross domestic product (GDP) in the Group of Seven (G-7) major industrial nations will ease somewhat in 1995 and 1996 due to a slowdown in the expansion of the U.S. and British economies, the Japan Center for International Finance predicted Thursday [23 March].

Aggregate GDP for the G-7 economies will grow 2.7 percent in 1995 and 2.6 percent in 1996, said the organization, a Finance Ministry affiliate.

Japan's GDP, or the nation's output of goods and services minus foreign income, will rise a moderate 1.5 percent in 1995 and 2.7 percent in 1996 given the effects of the yen's appreciation and the Jan. 17 great Hanshin earthquake, the center said.

The center projected 1995 and 1996 growth rates at 3.2 percent and 2.2 percent for the United States and 2.9 percent and 3.0 percent for both Germany and France.

Among developing countries, the center predicted sharp rises of 10.0 percent and 8.0 percent for China in the respective years.

Russia's GDP appears likely to contract 10.0 percent in 1995 and 3.0 percent in 1996 in light of its austere anti-inflation policies, the center said.

#### Ministers Renew Calls for Saito To Resign

OW2403050295 Tokyo KYODO in English 0413 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Cabinet members renewed calls Friday [24 March] for the vice finance minister to resign to take responsibility for the recent scandal over failed credit unions, ministers said.

At the day's informal ministerial gathering after a regular cabinet meeting, Sadatoshi Ozato, state minister in charge of earthquake restoration work, asked Finance Minister Masayoshi Takemura to consider the possibility of dismissing Vice Finance Minister Jiro Saito, International Trade and Industry Minister Ryutaro Hashimoto said.

Amid growing public criticism about the government-led bailout of two credit unions saddled with bad loans, Takemura gave a strict warning to Saito over his failure to supervise effectively senior officials who allegedly received excessive entertainment from Harunori Takahashi, former president of one of the failed organizations—Tokyo Kyowa Credit Association.

Hashimoto told reporters that all cabinet members, except Takemura, agreed with Ozato, indirectly asking for Saito's resignation.

Home Affairs Minister Hiromu Nonaka expressed disappointment that Saito had not quit after the passage of the fiscal 1995 budget Wednesday to take responsibility as the top bureaucrat at the Finance Ministry, Takemura said.

Takemura said, however, that he himself had not expressed any opinion at the meeting about the comments by cabinet members. But he added that the ministry's discipline maintenance committee is investigating an allegation that another senior ministry official had too close a relationship with Takahashi.

The committee has not so far found any evidence to support the allegation, Takemura said. The ministry is considering including a lawyer from outside as an adviser to the committee, he added.

The Finance Ministry has been under fire since the controversial rescue of the credit unions has in turn led to accusations of cozy relations between Takahashi and ministry bureaucrats.

**Ukraine President Continues Official Visit****Gives News Conference**

OW2403084795 Tokyo KYODO in English 0816 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Ukrainian President Leonid Kuchma said Friday [24 March] his country supports an indefinite extension of the nuclear Nonproliferation Treaty (NPT) but that reaching accord among the treaty's signatories on its continuation is no easy task.

"Ukraine supports the indefinite extension of the treaty as proposed by the United States," Kuchma told a press conference at the Japan National Press Club. "But that process is not as easy as we think."

Kuchma said it is necessary to discuss and agree on a series of problems before the NPT member countries can agree on the indefinite extension. The treaty comes up for renewal this year.

"The nuclear states, or the nuclear club, should first make clear their intention to eventually abolish all nuclear weapons," he said.

The Ukrainian president also said it is desirable if treaties including the Strategic Arms Reduction Treaty (START I) and the Comprehensive Test Ban Treaty are signed before the NPT's renewal. [passage omitted covered by second referent item]

Kuchma, who arrived in Japan on Wednesday for a four-day visit, said the aim of his trip is to provide Japan, particularly its economic and business circles, with information on Ukraine to attract Japanese investment.

He said he believes investment in Ukraine's economy is "profitable and reliable" and that Japan and Ukraine can cooperate in such fields as the aerospace industry, machine building, power engineering, oil refining and metallurgy.

Kuchma, who came to power last July, said he hopes the assistance pledged by the Group of Seven (G-7) industrial countries in Naples last July will be fully implemented so that Ukraine's economic reforms can succeed.

The G-7 nations approved a package of more than 4 billion dollars in macroeconomic assistance for Ukraine and 200 million dollars to shut the Chernobyl nuclear reactor that exploded in 1986.

Turning to the situations regarding pro-Russian Crimea, Kuchma called it an internal affair but added Ukraine is making efforts to solve the problem based on its Constitution and on international law before separatist moves develop any further.

He dismissed as having no legal authority a declaration adopted by the Russian State Duma on Wednesday scrapping Ukraine's scrapping of the Constitution in Crimea.

The State Duma's declaration voiced concern that the move by Kiev's Parliament to abolish the Crimean Constitution could affect relations between Russia and Ukraine and destabilize the situation in the Crimea region.

Two-thirds of Crimea's 2.7 million people are ethnic Russians.

Leaders of the region have sought closer ties with Moscow or even a restoration of Russian rule.

Kuchma will leave Japan on Saturday after visiting Kyoto, western Japan, which is the sister city of the Ukrainian capital, Kiev, and the central Japan city of Nagoya.

**To Receive \$200 Million Loan**

OW2303151895 Tokyo KYODO in English 1451 GMT  
23 Mar 95

[FBIS Transcribed Excerpt] Tokyo, March 23 KYODO—Japan is ready to loan 200 million dollars to Ukraine to support the country's economic reform efforts, Prime Minister Tomiichi Murayama said Thursday [23 March] night.

Murayama told Ukrainian President Leonid Kuchma in a 50-minute meeting that the Export-Import Bank of Japan is ready to loan Ukraine a total of 200 million dollars, a senior Foreign Ministry official said.

Murayama was quoted as saying the bank will loan the country 150 million dollars in cooperation with the World Bank on condition that the International Monetary Fund's board approves the stand-by arrangements with Ukraine.

Another 50 million dollars will be offered in export credit.

Saying Ukraine's stability is important for Europe and the rest of the world, Murayama told Kuchma that Japan wants to cooperate with Kiev as much as possible so that its economic reforms will succeed.

Kuchma, who came to power last July, was quoted as telling Murayama that Ukraine plans to promote cooperation with international financial organizations to correct its international balance of payments.

A joint declaration issued after the talks said Kuchma, on a four-day visit to Japan since Wednesday, is determined to accomplish privatization on a large scale and to continue to introduce a full market economy.

On the international scene, the Ukrainian president expressed support for Japan's bid to become a permanent member of the UN Security Council, saying he believes there is gap between Japan's economic power and its role in the international community, the senior ministry official said.

The joint statement said Murayama and Kuchma agreed that in expanding the UN Security Council, it is important to maintain the effectiveness of the Council's functions and take into account equitable geographical distribution.

Japan and Ukraine also agreed to support the indefinite extension of the nuclear Nonproliferation Treaty (NPT) which comes up for renewal this year, the statement said, adding they also urged all states possessing nuclear weapons to pursue their efforts for nuclear disarmament. [passage omitted covered by second referent item]

The two sides agreed it is important to continue to support the tasks being carried out by the members of the Group of Seven (G-7) economic powers and international organizations together with Ukraine to implement the action plan hammered out in Naples last July, it said.

The G-7 nations approved a package of more than 4 billion dollars in macroeconomic assistance for Ukraine and 200 million dollars to shut the Chernobyl nuclear reactor.

In the talks with Murayama, however, Kuchma did not refer to the closing down of the Chernobyl plant, the senior ministry official said.

On Friday, Kuchma will visit Kyoto, western Japan, which is the sister city of the Ukrainian capital, Kiev, and leave Japan on Saturday after visiting Nagoya, central Japan.

#### Official Negative on Russia's APEC Bid

OW2303123695 Tokyo KYODO in English 1150 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—A top official of the Foreign Ministry expressed little enthusiasm Thursday [23 March] over Russia's application for entry into the Asia-Pacific Economic Cooperation (APEC) forum.

"I don't think (Russia) is a country that ought to join," the official, who asked anonymity, said.

APEC comprises economies in the Asia-Pacific region, the official said, and although Russia partially belongs to the region, "it seems somewhat different."

In 1993 APEC decided to freeze acceptance of new members until 1996. It currently has 18 members.

#### Kono Hopes DPRK Mission To Improve Ties

OW2403032595 Tokyo KYODO in English 0314 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Foreign Minister Yohei Kono expressed the hope Friday [24 March] that the ruling coalition's planned mission to North Korea next week will help restart the stalled normalization of relations between Tokyo and Pyongyang.

"As foreign minister, I have expectations that the mission will play a certain role in improving (Japan's) abnormal relations with North Korea," Kono told a press conference.

Talks between Japan and North Korea to normalize bilateral relations have been stalled since November 1992 after Pyongyang left the negotiating table in protest against Japanese demands for information about a Japanese woman believed to have been kidnapped by North Korean agents.

The upcoming joint mission, to be headed by the Liberal Democratic Party (LDP) legislator and Former Foreign Minister Michio Watanabe, is expected to visit Pyongyang between March 28 and 31.

#### Tokyo, Beijing To Discuss Textile Trade 24 Mar

OW2403050695 Tokyo KYODO in English 0440 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Japan and China will hold a subcabinet-level meeting Friday afternoon [24 March] in Tokyo to discuss a range of bilateral issues, including Beijing's voluntary restraint on Japanese-bound textile exports.

Japan will ask Beijing to disclose the contents of the voluntary measure, introduced in November last year as a means to counter a possible safeguard step by Japan on textile imports from China, said officials at Japan's Ministry of International Trade and Industry (MITI).

The assessment of the Chinese step will become the basis for MITI to decide whether to invoke an urgent curb on textile imports from China under the safeguard rule, the officials said.

The Japanese delegation to the one-day regular meeting will be led by Yoshihiro Sakamoto, vice MITI minister for international affairs, while the Chinese team will be headed by Li Guohua, vice minister of foreign trade and economic cooperation.

In February, Japanese textile manufacturers asked MITI to use the safeguard measure to protect their industry from a rapid flow of cotton yarn imports from China.

Meanwhile, Beijing said last December that it will curb textile shipments to Japan on a voluntary basis. The move came shortly after MITI outlined a set of criteria for imposing the safeguard measure.

Specifics of the Chinese step are unknown, making it difficult for MITI to take action on Chinese textile imports.

The textile safeguard is the internationally accepted rule under the Multifiber Agreement (MFA) and a 10-year accord of the World Trade Organization.

The MFA, introduced in 1974, is intended to protect Japan and other industrialized countries, major textile

importers, from possible damage to their domestic textile industries due to massive shipments from China and other Asian economies.

In line with the latest request by the Japanese industry, MITI must determine by late April whether it will launch a probe by assessing damage to the domestic industry and the possible impact of safeguard measures on Japanese consumers.

During Friday's meeting, the Japanese side will also urge China to honor its pledge to return tax paid by Japanese and other foreign entities in China.

China has imposed a "value added tax" on products made by foreign companies since early last year.

Beijing once promised to refund the tax payment to companies concerned but later withdrew the promise.

#### Toyo To Extend Aid to Koreans in Sakhalin

OW2403013895 Tokyo KYODO in English 0033 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Japan will disburse 2.72 billion yen to help the resettlement of ethnic Koreans who were left behind on the Russian far east island of Sakhalin after Japan's defeat in World War II, the Foreign Ministry said Friday [24 March].

The money, to be disbursed as emergency aid from the Foreign Ministry's budget for fiscal 1994 which ends this month, will be used to build apartment-type housing for some 500 households, the ministry said.

During its period of colonial rule, Japan forcibly transported tens of thousands of Koreans to Sakhalin to serve as laborers. Japan ruled the southern half of Sakhalin from 1905 until the end of the war in 1945.

The Koreans were left behind when the entire island came under Soviet rule.

Japan has already approved the allocation of 498 million yen in the 1994 supplementary budget to build medical facilities capable of accommodating 100 elderly Korean residents of Sakhalin.

Tokyo decided to offer additional aid to build apartment-type housing in response to a South Korean request, after the South Korean Government agreed to provide construction sites, the ministry said.

In a joint Japan-South Korea survey, several thousand Sakhalin-Koreans, mainly from the first generation, said they wished to return to South Korea.

#### Developing Nations Awarded Grants, Loans

##### Jordan: 1 Billion Yen

OW2203105695 Tokyo KYODO in English 0942 GMT  
22 Mar 95

[FBIS Transcribed Text] Tokyo, March 22 KYODO—Japan will give Jordan 1 billion yen [Y] in grant-in-aid to

help the country improve its economic structure and ease its economic difficulties, the foreign ministry said Wednesday [22 March].

Japanese and Jordanian Government officials exchanged notes on the aid in Amman earlier in the day, the ministry said.

Japan is giving the aid because Jordan, which does not produce oil, has a weak economic structure and lacks the means to obtain foreign currency, it said.

It is also facing economic difficulties from the effects of the Gulf War and economic sanctions against Iraq.

Japan will support Jordan since it plays an active role in the Middle East peace process, being the second Arab country to sign a peace treaty with Israel, following Egypt, the ministry said.

##### Former Yugoslavia: 700 Million Yen

OW2403015595 Tokyo KYODO in English 0035 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Japan will provide financial assistance totaling about 700 million yen, through international organizations, to help people in the war-ravaged areas of the former Yugoslavia, the Foreign Ministry said Friday [24 March].

The Japanese aid comprises 500 million yen for the World Food Program (WFP), and 1 million dollars, roughly 100 million yen, each to the World Health Organization (WHO) and the UN Children's Fund (UNICEF), the ministry said.

Living conditions in the former Yugoslavia are extremely poor, due to the three-year ethnic conflict, while food and medical facilities are in very short supply, ministry officials said.

Japan has so far disbursed a total of 140 million dollars to assist the people of the former Yugoslavia through international organizations.

##### Kenya: 10.7 Billion Yen

OW2403084895 Tokyo KYODO in English 0826 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Japan has offered to Kenya a loan of up to 10.7 billion yen to help finance a project to construct a diesel power plant, the Foreign Ministry said Friday [24 March].

Kenyan Finance Minister Musalia Mudavadi and Japanese Ambassador to Kenya Shinsuke Horiuchi exchanged notes on the aid in Nairobi earlier in the day, the ministry said.

The 30-year loan, with a grace period of 10 years, carries an annual interest rate of 2.6 percent.

The loan will be used to construct a 75-megawatt diesel power plant in Mombasa, southern Kenya.

**Uzbekistan: 1.55 Billion Yen**

*OW2403110895 Tokyo KYODO in English 1023 GMT  
24 Mar 95*

[FBIS Transcribed Text] Tokyo, March 24 KYODO—Japan has extended Uzbekistan a grant-in-aid of 1.55 billion yen to support the country's economic improvement and cooperate in a project to buy medical equipment for child care, the Foreign Ministry said Friday [24 March].

Uzbek Deputy Prime Minister Otkir Sultanov and Japanese Ambassador to Uzbekistan Ukeru Magosaki exchanged notes on the aid in Tashkent earlier in the day, the ministry said.

Of the aid, 900 million yen is offered to help Uzbekistan improve its economic structures and ease economic difficulties.

Another 650 million yen is extended for a project to purchase medical equipment for child care.

It is the first Japanese official development assistance to the former Soviet republic, the ministry said.

**Mauritania: 400 Million Yen**

*OW2203141695 Tokyo KYODO in English 1119 GMT  
22 Mar 95*

[FBIS Transcribed Text] Tokyo, March 22 KYODO—Japan will give Mauritania 400 million yen [Y] in grant-in-aid to help it improve its economic structure and ease its economic difficulties, the Foreign Ministry said Wednesday [22 March].

Government officials of Japan and Mauritania exchanged notes on the aid earlier in the day, the ministry said.

Japan will extend the aid to support Mauritania's debt-ridden economy, which relies on agriculture, fisheries and ranching, it said.

**El Salvador: 980 Million Yen**

*OW2103015895 Tokyo KYODO in English 0028 GMT  
21 Mar 95*

[FBIS Transcribed Text] Tokyo, March 21 KYODO—Japan will extend El Salvador a grant-in-aid of up to 980 million yen to cooperate in two projects aimed at cleaning up the country's capital of San Salvador and promoting fishing, the Foreign Ministry said Tuesday [21 March].

Japanese Ambassador to El Salvador Shigetaka Ishihara and Oscar Alfredo Santamaria, El Salvador's foreign minister, exchanged notes on the Japanese aid in San Salvador earlier in the day.

The aid will be used to purchase equipment such as garbage trucks to clean up San Salvador, the ministry said.

Since the end of the country's 12-year-long civil war in January 1992, the population in the capital has been rapidly rising, prompting a sharp increase in the amount of garbage. But equipment necessary to clean up the city is in short supply.

The Japanese aid will also be used to purchase fishing vessels and ice machines for a project to boost fishing along the country's eastern coast region.

The latest aid brings the total amount of Japanese aid in fiscal 1994 ending March 31 to 3.13 billion yen, the ministry said.

**Nicaragua: 712 Million Yen**

*OW2103232895 Tokyo KYODO in English 2159 GMT  
21 Mar 95*

[FBIS Transcribed Text] Tokyo, March 22 KYODO—Japan will offer Nicaragua a grant-in-aid of up to 712 million yen for two projects aimed at supporting people suffering from poverty and at promoting fishing, the Foreign Ministry said Wednesday [22 March].

Japanese and Nicaraguan Government officials exchanged notes on the aid in Managua earlier in the day, the ministry said.

Investment to beef up Nicaragua's infrastructure, including housing and drinking water, is seriously lacking in the country due to the decades-long civil war which ended in April 1990.

The Japanese aid will be used to improve the living environment in cities and villages, the ministry said.

It will also be used for a project to promote fishing in the northern part of the country facing the Atlantic Ocean.

The latest grant brought the total amount of Japanese aid to Nicaragua in fiscal 1994 ending March 31 to 2.82 billion yen.

**Sri Lanka: 539 Million Yen**

*OW2203105995 Tokyo KYODO in English 0849 GMT  
22 Mar 95*

[FBIS Transcribed Text] Tokyo, March 22 KYODO—Japan will give Sri Lanka a grant-in-aid of up to 539 million yen [Y] to help it improve equipment at an institution for industrial standardization, the foreign ministry said Wednesday [22 March].

Japanese Ambassador to Yasuo Noguchi exchanged notes on the aid in Colombo earlier in the day with S.L. Seneviratne [name as received], director general of Sri Lanka's Department of External Resources in the Ministry of Finance, Planning, Ethnic Affairs and National Integration.

The Japanese aid will help finance a project to purchase equipment for industrial standardization and metrology for the Sri Lanka Standards Institution, the ministry said.

The latest package brought the total amount of Japanese grant-in-aid to Sri Lanka to 6.65 billion yen.

### Reports on Reaction to Wage-Hike Negotiations

#### Nikkeiren Against Pay Raises

OW2303063595 Tokyo KYODO in English 0551 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—A leader of Japan's employers Thursday [23 March] expressed dissatisfaction about offers of pay raises this year by leading industries to their labor unions, although the raises are all below last year's record low levels.

The offers will leave "big problems" for employers such as how to regain competitiveness in business and how to maintain employment which has reached a limit, said Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), at a press conference.

He was commenting on offers of pay raises made earlier in the day by steel, electrical, auto, machinery and other industrial sectors to major unions under the Japan Council of Metal Workers' Unions (IMF-JC), which represents 2.67 million workers in Japan. The year-to-year increases in monthly wages range from 1.21 percent, or 3,500 yen, offered by four major steelmakers to 2.95 percent, or 7,700-8,479 yen, proposed by six major electrical appliances makers.

At the press meeting, Nagano repeated his call for no hikes in base wages this year other than automatic rises. Under Japan's seniority-based wage systems, a worker's pay goes up automatically according to age, but such rises do not affect the entire range of a company's fixed costs.

Nagano said, "With the recent rapid rises of the yen's value (against the dollar) and the effects of the Jan. 17 great Hanshin earthquake dragging down already sluggish domestic demand, I believe not many companies can raise wages which are already at the world's highest level." He warned that higher wages will further accelerate the "hollowing out" of Japanese industries, with relocation of production to cheaper overseas sites.

Asked whether domestic consumption would become slower if pay raises are restrained, thus harming economic recovery, Nagano said such an effect would not be great, and added that "growth in demand can be expected due to restoration work in quake-hit areas."

#### Rengo: 'Insufficient' Offer

OW2303142095 Tokyo KYODO in English 1439 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—The leader of Japan's largest labor organization

Thursday [23 March] expressed dissatisfaction with offers of wage hikes by metal-related industries of less than 3 percent on average.

Jinnosuke Ashida, leader of the Japanese Trade Union Confederation (Rengo), told reporters the level of the offer is insufficient and unsatisfactory as Rengo is demanding a 5 percent raise.

Ashida said the labor side could not break the staunch attitude of management given the background of the high yen and the Jan. 17 great Hanshin earthquake.

#### Industries Accept Low Hikes

OW2203142095 Tokyo KYODO in English 1234 GMT  
22 Mar 95

[FBIS Transcribed Text] Tokyo, March 22 KYODO—Japan's automobile, steel and electrical machinery workers have accepted low wage hikes this year as the domestic industries flounder under the impact of the strong yen, labor officials said Wednesday [22 March].

Wage increases for the automobile and steel workers set the stage for bargaining between management and labor in other industries in the annual spring labor struggle.

The officials said management and workers of Japan's top automaker Toyota Motor Corp. agreed on the lowest ever monthly pay increase of 8,700 yen or 2.83 percent.

Its rival Nissan Motor Co., which is struggling under sluggish vehicle sales, agreed on a lower hike of 2.61 percent or 7,800 yen, they said.

The management and labor at Honda Motor Co. agreed Wednesday on a 2.73 percent hike of 8,400 yen in the spring wage negotiations.

It appears certain that salary increases on an all-industry basis this year will fall below the record low of 3.13 percent set last year, Labor Ministry officials said.

Steel workers have also accepted low wage increases but bonuses earned by them varied depending on the business results of individual companies.

The average monthly pay increase stood at a low 3,500 yen for a 35-year-old worker with 17 years of service, industry officials said.

They said the total amount of biannual bonuses will range from 1 million yen for the quake-hit Kobe Steel Ltd. to 1.24 million yen for Nippon Steel Corp.

Electrical and heavy machinery industry workers have already agreed to lower wage increases than last year, shifting attention to bargaining in the private railway, electric power and small enterprise sectors.

Workers of major electrical and electronics makers, including Hitachi Ltd. and Matsushita Electric Industrial Co., also agreed to a record low 2.95 percent hike in their monthly wages, industry officials said.

The raise compares with the 3.05 percent hike they won last year.

### More on Industrial Workers

OW2303044595 Tokyo KYODO in English 0404 GMT  
23 Mar 95

[FBIS Transcribed Text] Tokyo, March 23 KYODO—Workers in Japan's metal-related industries, including steel, electrical, autos and machinery, received offers Thursday [23 March] of wage hikes of less than 3 percent on average and are likely to accept them, labor officials said.

Managements conveyed their offers on wage increases for this year to major unions in the Japan Council of Metal Workers' Unions (IMF-JC), which represents a total of 2.67 million workers.

The proposed margins of increase all fell short of last year's record-low hike rates.

Four major steel manufacturers, including Nippon Steel Corp., said they would give no wage hike this year except for a regular age-based annual increment, citing slow business due to a steep rise in the yen's exchange rate and damage caused by the Jan. 17 Kobe earthquake.

The regular annual increment at the steel companies represents an average 1.21 percent hike in the basic salary, or 3,500 yen a month.

The labor union at Kobe Steel Ltd. decided not to bargain for higher wages this year because the firm was badly hit by the earthquake.

Electrical appliance makers offered a 2.95 percent pay raise, which will amount to 8,479 yen more a month on average for workers at Matsushita Electric Industrial Co.

Toyota Motor Corp. proposed a hike of 2.83 percent or 8,700 yen a month, a record low for the top automaker, and Nissan Motor Co. offered its workers an increase of 2.61 percent or 7,800 yen a month.

Seven major shipbuilders and heavy machinery producers, including Mitsubishi Heavy Industries Ltd., offered an increase of 2.57 percent or 7,700 yen per month on average.

With the unions in the IMF-JC expected to agree to the employers' offers, all that remains of the so-called "spring labor offensive" in major industries this year is negotiations at electric power firms and railway companies.

Last spring, wage hikes at major companies averaged a record low 3.13 percent, according to the Labor Ministry. This year's average looks like being even lower.

IMF-JC members also received proposals on bonuses, which varied depending on the business results of individual companies.

The proposed total amount of biannual bonuses for an average worker ranged from 1 million yen for Kobe Steel to 1.24 million yen for Nippon Steel.

### Tax Breaks To Help Ailing Credit Unions

OW2403145995 Tokyo KYODO in English 1340 GMT  
24 Mar 95

[FBIS Transcribed Text] Tokyo, March 24 KYODO—The National Tax Administration Agency plans to refrain from taxing grants and low-interest loans by private financial institutions to Tokyo Kyodou Bank, the rescue vehicle set up to dispose of bad loans of two ailing credit unions, sources close to the agency said Friday [24 March].

To this end, the tax agency will allow the financial institutions to write off the grants and soft loans as losses on their balance sheets, they said.

Such expenditures are usually lawfully taxed as a sort of social outlay. If a financial institution gives a grant to an institution with which it does not have any business ties, such a grant is perceived by the tax authorities as a taxable voluntary donation.

However, the tax agency is considering applying a flexible legal interpretation to the grants and soft loans, as they would contribute to removing a threat to the stability of the nation's financial system, they said.

Former Bank of Japan Governor Mieno Yasushi, who launched the lifeboat to save Tokyo Kyowa Credit Association and Anzen Credit Bank last December, told a Diet panel March 16 that unless the two credit unions were bailed out with a cofinancing scheme, a chain reaction of deposit withdrawals from other financially troubled institutions could be unleashed.

Contracts struck among Tokyo Kyodou Bank and financial institutions have a common clause that stipulates that the institutions may cancel the contracts unilaterally if their grants and soft loans are subjected to tax.

The presence of the clause indicates that the central bank and the Finance Ministry had given assurances to the financial institutions that their assistance would not be taxed, industry sources said.

Under the bailout scheme agreed upon among the central bank, the ministry and the Tokyo Metropolitan Government, the financial institutions were to give Tokyo Kyodou a total of 40 billion yen in either grants or low-interest loans.

### \* Movement to New Alignments in SDPJ Reported

952B0108A Tokyo SANDE MAINICHI in Japanese  
5 Feb 95 pp 52-53

[Article by Soichiro Tahara: "The Seismic Center of What We May Call the Great Earthquake in the Social Democratic Party of Japan"]

[FBIS Translated Text] A drama about the split of the Social Democratic Party of Japan [SDPJ] came to a complete halt in the midst of reports on extensive and serious damage in the southern part of Hyogo Prefecture done by an earthquake which directly hit the Kinki district. Actually, the New Democratic League [Shinminren] suddenly decided to call off its new parliamentary group inauguration ceremony and press conference scheduled for 18 January out of the concern about extensive earthquake damages. Saying that "now is a time to direct all efforts to coping with the earthquake," the SDPJ Central Executive Committee, too, put off its plan to deliberate how to deal with a notification by Mr. Yamahana and his followers that they will secede from their present parliamentary group.

However, though shelved for future debate, this issue is not the kind of thing that can be left vague and solved of its own accord as time goes by. The SDPJ's split is inevitable, and perhaps a situation will develop in which General Secretary Kubo resigns. It is considered to be an extremely high possibility that, after then, Kubo and a number of Diet members will take action together with Yamahana and his followers.

A development is also expected in which the Murayama regime will find a difficulty in maintaining itself, depending on the number of people who take action together with Kubo.

Nevertheless, it is still unclear at present why Yamahana and his followers are moving to form a new parliamentary group and secede from the party at this time, where their views differ from those of the so-called status quo faction led by Chairman Murayama, and what their decisive points at issue are.

In the "Sunday Project" program (Television Asahi) on 15 January (Sunday), I asked Sadao Yamahana, Hirotaka Akamatsu, and Takeshi Takeuchi and Yoshimi Mino—both considered to belong to the Murayama faction—what on earth was taking place within the SDPJ, what the party would like and intend to do, and, conversely, what it would not like to do.

Yamahana explained that "we repeatedly urged for some time the need to reform the SDPJ, but we have now come to think that reform is impossible with the SDPJ's present shape left unchanged," adding that that was our "reason for action." However, this explanation is too abstract. What areas of the SDPJ do they intend to change in what manner in the reform? What obstacles are there to this end? Why is the reform impossible within the framework of the SDPJ? Prime Minister Murayama, too, is saying that "the SDPJ aims to get reborn and become the new third polar force." Then, where and how does the "third polar force" mentioned by Yamahana and his followers differ from the "third polar force" sought by Prime Minister Murayama?

I tenaciously put these questions to Yamahana, but I failed to get convincing explanations. However, there

was one thing that I clearly sensed. It was that, terribly obsessed with the idea that there was no option but to rush toward leaving the party, he and his followers were strongly resolved to meet this development.

On the other hand, when asked "how they view the action by the Yamahana group," Takeuchi and Mino of the opposing faction plainly answered that "it is for joining the New Frontier Party [Shinshinto]." They even mentioned the "Ozawa-Yamahana secret understanding theory."

They said: "To begin with, those guys are not worth mentioning because most of them turned away from their party chairman and gave their votes to Kaifu or cast blank votes in the nomination of the prime minister in June 1994. At heart, they have already been with the New Frontier Party since that time."

When I asked Yamahana and Akamatsu about these remarks, the two countered by saying: "Immediately before the nomination of the prime minister, the Central Executive Committee confirmed for certain that there would be no coalition between the Liberal Democratic Party [LDP] and the SDPJ. Then, which side is the one that betrayed?"

They criticized: "In the first place, the group of Murayama confidants already worked out even a protocol of accord for a policy agreement by beginning to repeat secret talks with the LDP on their coalition in about January 1994 when the SDPJ was a ruling party under the Hosokawa government. While the group was doing this, those not suiting the group's convenience, including the general secretary, were completely shut out as outsiders. This is a serious case." In response, those of the opposing faction launched a counterattack on Yamahana, even further tracing back to the time when the Hosokawa government was inaugurated.

#### Kubo's Aim Is To Build Third Force of 100 Members

They made the following remarks: "Mr. Yamahana is now repeatedly saying that he will build the third polar force. In that case, it represents extreme contradiction that he pushed ahead with the small-constituency system aimed at the two-large party system and even assumed a ministerial post in charge of political reform. While calling for the third polar force, he in fact has a secret understanding with the former coalition side, more clearly speaking, with Ozawa." In short, they claimed that "he is siding with the New Frontier Party." The Yamahana side retorted fiercely, saying, "That is a false accusation. You are about to be absorbed and merged by the LDP, and yet you are saying such silly things." In response, the other side finally even traced back to their fathers' generation. One said: "I know Mr. Yamahana's and Mr. Akamatsu's fathers very well. Unlike you, your fathers were quite reasonable."

To tell the truth, I cannot quite understand their mutual assertions and logic, but I could see well that the feud

between the two factions is not repairable because it is terribly deep-rooted and has been developed into something like confrontation above reason or even a distinct cultural difference.

Be that as it may, what effect will the SDPJ's split have on Japan's politics?

Not a few people view that "one who laughs a joyous laugh will be Ichiro Ozawa" after all. However, a person very close to Kubo disclosed: "It is, of course, not the LDP that Mr. Kubo has in mind as one whom he would like to team up with. However, it is not the present New Frontier Party either."

According to the person, Mr. Kubo seeks to obtain nearly 40 Diet members one way or another, and, while keeping some distance from the Murayama regime, he will not move toward the downfall of its cabinet. The person said that Mr. Kubo would "then await some movement." What he calls "some movement" means a movement within the New Frontier Party. His new body having nearly 40 members will provide a stimulus to a certain power group within the New Frontier Party. And a "movement" will take place. What he calls a certain "power group" means the anti-Ozawa/Hata group.

The person concluded: "The movement will unfailingly take place. And when the certain power group merges with us, Sakigake [Harbinger] will naturally come to show interest. Things will begin to move. Then, the third polar force scaled at 100 members will be formed. This is Kubo's first dream of the New Year."

**\* Daily's Data Said To Sway Aomori Election**

952B0131A Tokyo SHUKAN BUNSHUN in Japanese  
23 Feb 95 pp 35-37

[Unattributed Article: "Confidential Fax Found Its Way From ASAHI's Political Section to Ichiro Ozawa Just Before Aomori Gubernatorial Election"]

[FBIS Translated Text] If we consider that a single fax influenced the outcome of an election, it is a big problem. Even if it is an exaggeration to say that it "provided an advantage" to one of the campaigning sides, it probably amounts to having provided "a convenience." Moreover, if it turns out that the one who used it to the maximum was aggressive Ichiro Ozawa.... What has happened in a place about which the average voter knows nothing?

ASAHI SHIMBUN is shaking because of the unprecedented leaking of inside information. Data that has not even been made public in its pages was leaked widely from the political section of its main office to political circles and so on, the reporter in charge of a press club is relieved of the position and shifted to lesser status. It has become a situation in which everyone, including the chief of the political section, will receive stern admonitions.

The Aomori gubernatorial election, in which the Liberal Democratic Party and the New Frontier Party went head-to-head for the first time in a gubernatorial election, was held on 5 February, and ballots were counted on the same day; Morio Kimura, who was endorsed by the New Frontier Party and Komeito, defeated the incumbent, Masaya Kitamura, who was endorsed by the LDP.

Kitamura, who lost by being thoroughly criticized as being old and having been elected many times, reflects: "If you put it in a nice way, the Kimura camp is skillful at elections; if you speak in a strict manner, its way of doing things was high-handed and used any means, fair or foul."

Up to the final stage of the campaign, the general trend of reporting of the situation by such media as local newspapers was: "Kitamura is leading." Many believe that the reason it "reversed itself" is "that it was effective that New Frontier Party Secretary General Ichiro Ozawa, who came to Aomori on 1 February, made the rounds of construction industry circles which had decided to support Kitamura" (member of the political desk).

Among them are even some who preach the revival of the myth of the "aggressive" Ozawa, saying openly, "Ozawa intimidated the local companies." However, the companies that were visited say, "There was nothing like intimidation. He was very friendly from beginning to end," but there are also some inexplicable things.

Secretary General Kiyoshi Monai of the LDP's Aomori Prefecture Alliance [kenren] testifies:

"Later I asked people from the companies that Ozawa visited. To be sure, Ozawa did not force them to do anything. But they say that he said softly and calmly: 'My side will win. Then you will probably be in trouble (if you support Kitamura). However, even if we win, we will not pick on you or anything.'"

It is a rather intimidating speech. What is still inexplicable is Ozawa's self-confidence.

As mentioned previously, the numerical inferiority of Kimura, who was endorsed by the New Frontier Party, was being reported every day by the media. Nevertheless, for some reason Secretary General Ozawa went to Aomori filled with confidence and made the rounds of economic organizations and such businesses as general contractors. Moreover, each was only a short visit of about 10 minutes, of a type in which he called only to make an appearance, so to speak.

What bolstered Ozawa's confidence?

"Ozawa would never go if he thought he would lose. He went precisely because he estimated that he could win; because it would be a golden opportunity to show his own 'real power'" (person with Nagata-cho interests).

Therefore, there is a bit of disturbing information. "It appears that Ozawa was walking around carrying data from a public opinion poll that the ASAHI SHIMBUN conducted at the end of January. ASAHI SHIMBUN clearly distinguished itself from the other media and analyzed that Kimura was in the lead. It is said that Ozawa showed that data from inside material at a certain construction company" (local reporter who covers prefectural politics).

ASAHI SHIMBUN's public opinion polls have an established reputation equal to that of Japan Broadcasting Company.

Data from that ASAHI SHIMBUN has Kimura in the lead, so our side will win. Is it not wiser to back the winning horse?

"Construction industry circles always have the idea that they will be at a disadvantage in public projects and so on if they do not support people in elections. At least it is not difficult to imagine that the ASAHI SHIMBUN data that was leaked was used in that way by the New Frontier Party camp." (person related to ASAHI SHIMBUN).

It is almost certain that the Ozawa side had obtained ASAHI SHIMBUN's inside data at that time. Furthermore, it was something that leaked from the political section of ASAHI SHIMBUN's main office.

We shall explain it in regular order.

On 30 January, according to raw data (actual number of responses) from a telephone public opinion poll which was compiled in Aoyama Prefecture, the result emerged that "Kitamura was leading." This data was immediately sent to the Office of Public Opinion Polls at the main office, and there it was revised by ASAHI SHIMBUN's own know-how. The result of this revision was that there emerged the data that "Kimura is leading by a narrow margin."

#### Data That Was Used as a Tool in Political Combat

The raw data and the revised values were both made into a single-sheet table (hereinafter "table"), and provided to the political section. There, even the predicted order was entered on it.

Based on this result, ASAHI SHIMBUN has reported such things as "Kimura and Kitamura are Neck and Neck" (Aomori edition dated 1 February), but it has not referred to concrete figures.

"In the first place, public opinion polls in elections are conducted in order to report accurately, so they are not predicated on making them public. We have not given that explanation to the persons who are the subject of the poll either. Because although there is no judicial precedent, there are some elements that could very well infringe upon the Public Service Election Act's 'prohibition of publication of the results of popularity polls.'" (ASAHI SHIMBUN Office of Reader Information).

According to someone related to the matter, on 31 January (ASAHI SHIMBUN "explains that it was on about the 1st") the "table" was sent by fax from the main office political section to a reporter of the opposition party press club who covers the New Frontier Party. And some time on that same day reporter N, who was in charge of that club's gathering of information on the election, handed the "table" directly to Election Policy Bureau Chief Keisuke Nakanishi of the New Frontier Party. It is said that at the time reporter N told Nakanishi: "Please be careful how you handle it," but the later development did not turn out that way. Nakanishi's office forwarded the data which it had obtained to Ozawa's office, and it ended up sending it to Ozawa's office containing the record: "Sent by: ASAHI SHIMBUN Political Section; To: Opposition Party."

The fax itself, which SHUKAN BUNSHUN acquired, clearly shows the above course of the data leaking (see preceding page).

It may be difficult to make it out on the magazine page, but the record and description: from "ASAHI SHIMBUN Political Section" to "Opposition Party," and from "Nakanishi Office" to "Secretary Sakaishi (note: private secretary, first name, Kenji), Ozawa Office, can be clearly read from the single-sheet fax.

Up till now also it has been tacitly understood that political section reporters, not limited to ASAHI SHIMBUN, provide election-situation data to politicians when interviewing them "in order to exchange information." From the politicians' standpoint the media is providing free of charge an analysis of the situation which costs money, so there is nothing that they welcome more.

Even so, it is also rare for "documentary evidence" of the "report" to remain in such clear form.

In addition, this time the ASAHI SHIMBUN data ended up being used successfully as a "tool of political combat" in a gubernatorial election.

"It was on the evening of Friday, 3 February. We received information from a number of Aomori construction companies that public-opinion poll data had begun to be sent to them by fax, and we soon obtained a copy of the actual article." (local person related to it).

The ones who sent the data to members of the construction industry were fax service companies in Aomori City, Hirosaki City, and so on. Someone delivered the data to multiple companies for the purpose of sending in large volume.

Concerning the leaking of the data, Diet member Keisuke Nakanishi said through his secretary: "The relationship to fact and so on is unclear, so I have no way of answering. Even though I use a chain of media information for reference, I never handle it in any special way."

However, it was awfully careless, but the "paper bombs" that were sent in a concentrated manner to over 100

construction firms and civil engineering firms included some on which were written, "Nakanishi Office."

The one which, upon learning of this fact, was more shocked than local political circles was the Aomori branch office of ASAHI SHIMBUN.

#### **In Spite of the Fact That They Had Just Reconciled**

According to Chairman Toshimasa Wakikawa of the Aomori Prefecture Construction Industry Association: "It seems that ASAHI SHIMBUN, too, hastily contacted the fax dealers and asked them to stop sending them, but it was already too late. The dealers were also saying that they had been summoned by the police and had to go to the police shortly."

According to the explanation of the Ministry of Home Affairs Election Division, there is a possibility that presenting of information in a direction which is advantageous to a specific candidate infringes on the "prohibition of pre-election campaigning" prescribed in the Public Service Election Act. Regarding this matter, the police in Aomori Prefecture say: "we cannot make any comment," but "I hear that the Kitamura faction filed a complaint with the Second Investigative Unit of the Hirosaki Police Station" (local reporter).

Well, the response of the Political Section of ASAHI SHIMBUN's main office, which received a communication from the Aomori branch office, was rapid. It was all the more shocked by the situation because it had the reputation that "ASAHI SHIMBUN data does not leak easily."

On the next day, Saturday, 4 February, the Political Section called an emergency section meeting, and by authority of Section Chief Akiyama removed from supervisory responsibility reporter H, who was assigned to cover the New Frontier Party and who had been newly appointed just on 10 January, and also removed said reporter N from being in charge. Later, the chief of the Political Section also received a stern warning along with the related reporters.

Asahi Shimbunsha's Office of Reader Information says: "It is truly regrettable that data leaked to the outside. This time there was a problem in the way in which data was provided. But the providing of information is one link in the give and take of information with politicians, so it is difficult to deny the act itself. Moreover, we think it did not have a great influence on the election."

But is that really appropriate as disposition of the current incident, which ended up exposing before the whole world a relationship between a political section reporter and a politician which could also be called "collusion"?

A certain person related to ASAHI SHIMBUN says, "In any case, the providing of information is something that is realized because of a relationship of trust with the politician to whom it is provided. This time the reporter

completely misread the person to whom he provided it. The very idea of the politician with whom he was dealing distributing what he had received just as it was. The relationship of trust broke down completely."

Last year ASAHI SHIMBUN and Ozawa were harshly pitted against each other beginning with the "no matter which woman I sleep with" statement. In the autumn an interview with Ozawa by Section Chief Akiyama was carried in the paper, and it was criticized as "a reconciliation to keep up appearances."

"I thought that collusion between political section reporters and politicians might vanish with the breakup of the 1955 system, but this means that it quickly began to revive again. It is because there has completely come into being the kind of system of reporters assigned to specific politicians in which one cannot get any information unless one take along a gift as when making a social call" (Tokyo Women's Christian University professor Naoyuki Arai).

It means that ASAHI SHIMBUN suffered harsh retaliation from Ozawa, with whom it thought it had made peace.

#### **\* Takemura Said Maneuvering for Power**

952B0127A Tokyo SEIKAI in Japanese Mar 95  
pp 12-13

[Unattributed article in the "Monthly Scramble" feature: "The Scenario for 'Gaining Power' Which Mr. Takemura Is Eagerly Seeking"]

[FBIS Translated Text] Finance Minister Masayoshi Takemura will shortly realize his seizure of power. Opening this prospect of early realization is the understanding among the Liberal Democratic Party [LDP] leaders that "we have no option but to choose Mr. Takemura as our head, because a consensus can hardly be expected within the LDP on having Mr. Kono [LDP president] as Mr. Murayama's successor."

However, concerning plans to be pursued after the birth of "Prime Minister Takemura," the LDP says that "Mr. Takemura is, strictly, a temporary hand and we will seek a genuine single-handed LDP government as soon as possible" (a leading member), while the Takemura camp has begun moving toward his "long-term government."

Mr. Takemura's power strategy boils down to seeking to build a stable government without becoming himself a puppet of the LDP. To this end, he attempts to maintain some moderate distance from the LDP and keep their relations in a state of strain. His trump card in this course will be administrative reform. Over the fiscal 1995 budget compilation as well, Sakigake [Harbinger] vividly displayed its own unique color by pushing forward administrative and fiscal reforms and would not be drawn into the vortex of maneuvering by the LDP boasting of its majority. Moreover, it triggered on its own initiative the move to build a parliamentary group

with the Social Democratic Party of Japan [SDPJ]. Outwardly, Prime Minister Murayama first called for the formation of the group when chatting with reporters on his way back home from a visit to the United States at the beginning of this year. However, the fact is that Mr. Takemura brought up the plan when he had an informal talk with SDPJ General Secretary Wataru Kubo in Tokyo toward the end of last year. As it turned out, the prime minister's call was made in response to Mr. Takemura's move.

For the part of Mr. Takemura, by bringing up the plan to build a parliamentary group he aimed to dissuade Mr. Kubo, who was rumored to be even leaving the SDPJ, against seceding from the party or at least to put off his secession.

However, it is doubtful if this Takemura-Kubo talk attained as good a result as initially hoped for. This is because, expressing his impression later to his close associates, Mr. Kubo even said, "I did not expect Mr. Kubo to have such a strong desire for power." At the meeting, after bringing up the plan to build the parliamentary group, Mr. Takemura mentioned clearly that "it is all right with me if I am asked to take charge of the group."

Some people in Nagata-cho know how strong Mr. Takemura's desire to become prime minister is. However, watching a real image of Mr. Takemura which was just as the rumor said, Mr. Kubo and his followers "flinched with fright, indeed" (a leading SDPJ member). Nevertheless, Prime Minister Murayama, whose foothold had been a little shaky since the end of last year, jumped at the plan for the parliamentary group as though he was thinking that "this will provide a convenient escape." As for Mr. Takemura, he gained a point, as it turned out, because he placed the SDPJ under lifelong indebtedness by extending a helping hand to the party and also because he made the LDP think that it "cannot make little" of him.

Concerning the prospective "Takemura government," most of those in Nagata-cho view that "it will have the look of being very temporary." This is because Sakigake, its footing, remains a minority corps. A person concerned with the LDP pins hopes on an early Diet dissolution and a general election, saying: "The LDP can win a majority when the general election is held soon. In that case, we will no longer need to have someone from the SDPJ or Sakigake as our prime minister." However, Mr. Takemura plans to join with the SDPJ and liberal forces internally and team up with Malaysian Prime Minister Mahathir and maintain international relations while containing the United States externally. "By so doing," he is poised to "seek to attract the public to a flavor which is different from that of the LDP's one-party government and build his long-term regime" (a leading Sakigake member). A triggering device to this end will be set in motion "in March" (the same source) if a massive disturbance within the SDPJ is held off.

And "it is only administrative reform" that can play the role of an initial explosive" (the same source). He (the same source) views that 'the Takemura regime will be born automatically if Mr. Takemura rocks the present government by pressing the LDP to achieve administrative reform," but....

#### NFP's Aichi Predicts Fall General Elections

OW2403040395 Tokyo KYODO in English 0307 GMT  
24 Mar 95

[FBIS Transcribed Text] Washington, March 23  
KYODO—Former Defense Agency Chief Kazuo Aichi predicted in Washington Thursday [23 March] that Japan will hold general elections after the House of Representatives is dissolved in late September or early October.

Aichi, a senior member of the largest opposition Shinshinto (New Frontier Party: NFP), said, "it's obvious the Social Democratic Party [of Japan] (SDP) [SDPJ] will lose in the House of Councillors election this summer."

Prime Minister Tomiichi Murayama's administration will not last long after the projected setback for the SDPJ, of which Murayama is chairman, Aichi told reporters.

#### \* Sakigake's Shusei Tanaka on Politics, Takemura

952B0087A Tokyo SANDE MAINICHI in Japanese  
1 Jan 95 pp 52-57

[Article by Yukiko Nozue based on an interview with Shusei Tanaka by Etsuko Komiya; place, date not given]

[FBIS Translated Text] Mr. Shusei Tanaka, who was the "brain" in both the Miyazawa and Hosokawa administrations, is currently acting chairman of the Sakigake [Harbinger] Party. As a "late-arriving controversialist," he once said that he wanted to "become a politician at the age of 25 and retire at 40." The following are his views on the current political situation, including inside stories.

[Komiya] (Seeing two packages of "Short Hope" cigarettes on the table, she asked Tanaka) Are you a heavy smoker?

[Tanaka] Yes, but I smoke only about half of what Mr. Takemura smokes. He smokes about 100 cigarettes a day.

#### New Frontier Party, SDPJ in a State of Flux; Their Pains Are Understandable

[Komiya] What do you think of the current political situation? Both the New Frontier Party [Shinshinto] and the Social Democratic Party of Japan [SDPJ] are in a state of flux, making media reporting on the political situation very difficult.

[Tanaka] I can readily understand the problem. If the Liberal Democratic Party [LDP], SDPJ, and Sakigake

were forced to becoming one party, we would have similar problems. I understand the troubles that they are going through.

[Komiya] You're saying that you cannot remain an idle spectator? Since Mr. Kaifu is again the party head and Mr. Ozawa the secretary general, we tend to see this as a repeat of the 1990 situation, when everything was geared towards the general election.

[Tanaka] I think it is meaningless for the parties in power, as well as the opposition parties, to be complacent in this situation. I suggest that the LDP and the SDPJ dismantle. Of course, our Sakigake will do the same. The current political situation gives preference to the old way of doing things on matters, such as elections, thus, forcing parties with different convictions to join together for power. This is unusual and unprecedented. Therefore, the quickest solution, I believe, is to dissolve all parties and regroup under new banners.

[Komiya] You mean to return to individuals and then start all over?

[Tanaka] That's right.

[Komiya] After all, take the New Frontier Party, for example. It seems to be exhausting all of its energy on form but not substance. Although the idea for forming the party has been announced, the public is not sure that the individual party members can adhere to its principles as a group. Thus, many observers have abandoned their support, believing that the New Frontier Party is just doing the same old thing all over again.

[Tanaka] But, in case of Sakigake, even if we dismantle our party, the same members will remain together under a new banner. I believe that our party members are the most straightforward debaters. That is why we can agree on specific policy issues.

[Komiya] For instance, members of other parties only huddle together under the cover of abstract ideas, such as peace, democracy, and reform.

[Tanaka] Right now, the word "liberal" is in vogue. And I have often been questioned by the press as to the meaning of "liberal." Yet I don't know what to say, because I am not sure myself what the word means.

[Komiya] SDPJ Secretary General Kubo is hoisting the "liberal" banner.

[Tanaka] He may be using the word to counter authoritative power or to oppose the conservatives.

[Komiya] Do you think he is using the word "liberal" rather than "conservative-reform," which sounds so old-fashioned?

[Tanaka] We often hear the expression that being "conservative" is not good. But I have always liked the word "conservative," because I believe that it refers to politics based on mutual trust between individuals. This means

that conservative politicians should be men of integrity, who hold high standards for themselves. The LDP has lost the conservative virtue.

[Komiya] Let's go back to when you left the LDP. You were with the conservatives, but left them. Can you tell me what happened?

[Tanaka] When I was with the LDP, I felt unsettled, as if I were living in temporary housing. So my ground rules, when taking action under such circumstances, were to "be unobtrusive and self-contained."

[Komiya] Were you uncomfortable with the LDP?

[Tanaka] I believed that I had to leave the party at a critical turning point. The decisive date was 19 August 1992, when I first met with Mr. Hosokawa, and we talked for five hours.

[Komiya] You were then the parliamentary vice minister of the Economic Planning Agency, a brain trust for the Miyazawa cabinet. Right?

[Tanaka] Mr. Miyazawa, whom I respect very much, was trying hard to be a good prime minister at that time. So I promised Mr. Hosokawa that I would stay with the Miyazawa cabinet till the end, and then leave the party—alone if I had to—so as to assist him in his political reform efforts.

[Komiya] You met him for the first time and decided to engage in political reform measures with him?

[Tanaka] That's right. We found common ground on administrative reform. Once this was decided, we had time to consider asking others to join us. So I talked to Mr. Takemura, and the three of us met in September. At that time, Mr. Takemura was already considering the same kind of reforms. Moreover, other Sakigake members were also thinking along the same lines. This has never been disclosed before, but when we first met, I suggested that there should not be any reservations, suspicion, or haggling with each other in our joint action. And I said that when we establish our party, Mr. Hosokawa would be chairman, and Mr. Takemura would be the secretary general.

[Komiya] You went that far at the first meeting?

[Tanaka] Mr. Hosokawa immediately showed restraint, but Mr. Takemura agreed right away.

[Komiya] You decided to leave the LDP in August 1992, but did not take action until June 1993. What did you do in between?

[Tanaka] I told no one, not even my wife or secretary.

[Komiya] For nearly a year you did not tell even Mr. Miyazawa or anyone else?

[Tanaka] If I did, they probably would have persuaded me to change my mind. On the other hand, if a person, under such circumstances, tells others, he may expect—

or may hope—someone would stop him. (laughter) I was very much impressed by Mr. Miyazawa's magnanimity when the Miyazawa-Hosokawa meeting was held at Karuizawa eight days into the Hosokawa administration. After all, Mr. Miyazawa was encouraging the very person who dragged him down from power. Only a great person can do what Mr. Miyazawa did. He handed over to Mr. Hosokawa, not only the pending administrative issues, but also critical political issues of that time. It was a calm, yet one of the most forceful meetings that I have ever attended.

[Komiya] For instance, what did Mr. Miyazawa hand over to Mr. Hosokawa?

[Tanaka] First of all, they talked about the nuclear Non-Proliferation Treaty (NPT).

[Komiya] NPT first?

[Tanaka] It was awesome the way things were brought up for discussion. Next, they talked about issues, such as becoming a permanent member of the UN Security Council.

[Komiya] Amazing! By the way, when viewing the current political situation, Sakigake holds the "deciding vote." Is this mainly because the thoughts of the Sakigake members are undivided?

[Tanaka] There are 21 members in our party, which is only 2-3 percent of all Diet members. Our small group was able to perform a certain role in a year's time, because we remained undivided. Moreover, none of us was overly concerned with the election outcome.

[Komiya] I wanted to ask you that. Today, it seems that everybody believes that "of utmost concern among politicians is the election." So when you say that your party members do not consume themselves over the election issue, this seems unusual.

[Tanaka] When we left the LDP, we set our priorities straight, even though it's not easy to forget about the elections completely. For instance, I was defeated in five elections; therefore, when I am elected, I would like to work to the utmost, so that I will have no regrets if I lose in the next election. It will be a waste of time worrying about the next election and ignoring what I am elected to do, which is politics.

[Komiya] Determination to do politics first. This is the way it should be.

[Tanaka] It would be exaggerating a bit if I were to say that Sakigake members would sacrifice their lives for our cause, but it is true that we would go all out for our goals. That is why a small group like ours can play an important role.

[Komiya] For example, many politicians call for "political reform." But what will their goal be after political

reform is achieved? I am sure many voters wonder about the true meaning of a politician and how he identifies himself.

[Tanaka] That reference about a "portable shrine" means that no matter how grand the shrine is, if people carrying it are not good, the shrine then goes the wrong way. Conversely, if people carrying the shrine are good, the shrine doesn't have to be grand. Politicians are like those people carrying the shrine. Also, a politician's wife has great power. Even if a politician's ability is in question, if he has a splendid wife, he will somehow do all right.

[Komiya] I guess a politician's wife is important in that sense also.

[Tanaka] She is the first supporter, a very important element. If she is full of vanity and insincerity, she will frustrate her husband's efforts. I guess I had better stop right here, because if I say too much, someone may probe into my personal life.

[Komiya] You have many supporters, your wife and five daughters.

[Tanaka] You see, here you are talking about my family. (laughter)

[Komiya] I think you are very unconventional. You started off aiming for national politics at age 25, and intended to retire at 40. Is that true?

[Tanaka] But I did not get elected until I was 40. (laughter) But that was natural, because I did not have a constituency, an image, or a portfolio.

[Komiya] Did you ever think what would happen if you never got elected?

[Tanaka] If things went as expected, I dreamed of opening up a book store or a noodle shop after the age of 40. [passage omitted]

[Komiya] You spoke of Mr. Takemura as a "crystal wrapped in silk wadding." Is Mr. Takemura's big appetite, like that of a horse, part of the silk wadding?

[Tanaka] That's right. Mr. Takemura is a rather bashful person, who does not reveal his true self and is easily misunderstood. Really, he is a responsible person who would never evade responsibility or run away from a showdown.

[Komiya] That's the crystal part?

[Tanaka] Right. He often says "let us be a political party that will prioritize how the Japanese should live today, rather than just discussing politics." He is truly great, when he says things like that.

[Komiya] It's not easy to see his crystal portion. Isn't there criticism against Mr. Takemura that he is a Machiavellist or that there is wickedness behind an innocent-looking front?

[Tanaka] If he were a Machiavellist, he would be a weak one. It's a joke to think of him as a Machiavellist.

[Komiya] Won't he get mad, if you say things like that?

[Tanaka] He never gets mad at me, no matter what I say. You see, our arguments have a pattern. If I say: "Takemura-san, don't be hasty," he would say: "Shusei-san, be hasty." As for Mr. Takemura, if he hears the distant sounds of a political gala, he would immediately rush outside, wearing his headband and "happi" coat. Once outside, he would put aside other plans and try to mediate quarrels and fights between cats and dogs, oblivious to any cuts and scratches.

[Komiya] Perhaps, because Mr. Takemura is big and noticeable, and because he gets involved, people misunderstand him, thinking of him as a Machiavellist?

[Tanaka] He telephoned me right before the Murayama administration was to take place and said: "Shusei-san, the festivity is at a climax. The shrine is already out. You are the only one staying behind." His shining virtue is inside all of that. I believe he is an outstanding political figure, who is very dependable and is destined to lead our nation in the near future.

#### LDP, SDPJ Not Ready To Disband

[Komiya] You really admire him, don't you? Let's go back and talk about the political situation. The LDP, SDPJ are no longer the same parties they used to be. We think that is "nonsense," but they do not seem ready to disband yet.

[Tanaka] I think there are two basic issues (axes) which will determine future political power. One of them is how Japan should join the international community, and the other is, really, the social economy. As for the social economy, should we think about the aspects of mass production, mass consumption, and mass disposal? How we deal with these two main issues will become the dividing factors in our future political map.

[Komiya] Therefore, we need capable persons to coordinate these two issues. Right?

#### LDP, SDPJ Have Many Talented Politicians

[Tanaka] As far as capable men are concerned, the LDP and SDPJ have many more talented men than we have in our party. That is why we expect the SDPJ to renew itself. If they form a new party, we would like to act together on concrete issues, such as eliminating the special status of corporations. By working together, we should be able to expect all sorts of good results.

[Komiya] You are right.

[Tanaka] Much of what the SDPJ carried forward all these years will become more important now. I do not consider the 1955 regime as the beginning of the LDP one-party system. After all, if there were no SDPJ, Japan

might have become a military power. Also, Japan might not have the safest nuclear policy in the world.

[Komiya] I guess the LDP was the accelerator and the SDPJ was the brake.

[Tanaka] That is why I ask the SDPJ to keep their spirit but change their policies.

[Komiya] Well, what will the next year bring? Perhaps we may see you engaged in some whirlwind event.

#### 'Massive' Raid Staged on Aum Osaka Branch

OW2403021995 Tokyo KYODO in English 0136 GMT  
24 Mar 95

[FBIS Transcribed Text] Osaka, March 24 KYODO—Police began a massive raid on facilities of the Aum Shinrikyo religious sect Friday [24 March] in search of evidence related to an alleged kidnapping and illegal confinement of an Osaka University student on March 19.

The Osaka raid followed Japanese authorities' reported decision to question Aum leader Shoko Asahara after their discovery in the cult's compounds of a poison gas plant as well as huge amount of substances used to make the lethal nerve gas sarin.

Ten people died and over 500 people were injured in a recent mysterious sarin attack on the Tokyo subway system during the morning rush hour. Nobody has claimed responsibility for the mass poisoning on Monday.

The Osaka prefectural police said it mobilized about 500 officers to raid the Osaka branch of the religious sect and three other facilities in the prefecture.

Police alleged that the Aum group abducted the 21-year-old student from his home and confined him at its Osaka branch. The student was rescued safely the following day by police after requests from his parents.

In connection with the case, police has put Junko Shimizu, 23, a female member of the religious sect, on a wanted list on suspicion of being involved in the kidnapping and confinement of the student.

Police have already arrested three men at Aum's osaka branch on suspicion of involvement in the same case.

In the raid that began early Friday morning, riot police officers carried antichemical gas masks because they found raw materials of the fatal sarin gas in raids Wednesday and Thursday on Aum's branch in Yamanashi Prefecture, just west of Tokyo.

Aum claims, however, the student had been conducting religious training on his own will, so there was no abduction or confinement.

**Aum Shinrikyo Leader Denies Link With Sarin**

OW2403092295 Tokyo NHK General Television Network in Japanese 0305 GMT 24 Mar 95

[Announcer-read report; from "NHK Noon News" program]

[FBIS Translated Text] In an interview with NHK today, Shoko Asahara, leader of Aum Shinrikyo, stated that the report on the abduction of the head of a notary public office aims at hurting Aum Shinrikyo's reputation; he denied the religious group's involvement in the incident. And regarding a huge amount of chemicals found during the police search, he said that they were not used for producing sarin, thereby strongly denying the link between Aum Shinrikyo and sarin.

[Begin Asahara recording] [video shows Asahara full-face, wearing a purple robe against a white background; exact time and place of recording not indicated] Concerning Mr. Kariya's abduction, I think it is a bashing [preceding word in English] attempt aimed at hurting the religious group's image.

Let me explain the substances that have been found. First, about sodium fluoride. It is a substance needed for making pottery. Next, let me explain phosphorus trichloride. It is a plasticizer used for producing plastic products, and it has been stored for making agricultural chemicals and fertilizers. Therefore, it is beyond my understanding why it has been reported sarin can be or has been synthesized with these substances. [end recording]

**Police Hold Red Army Member for Questioning**

OW2403005695 Tokyo KYODO in English 0023 GMT 24 Mar 95

[FBIS Transcribed Text] Narita, Japan, March 24 KYODO—Yukiko Ekiti, a senior member of the guerrilla group Japanese Red Army, was arrested aboard a Japan Airlines flight which arrived at Narita airport Friday morning [24 March], authorities said.

They said Ekiti, 44, was immediately taken to the metropolitan police department for questioning.

The arrest of Ekiti came nearly 18 years after she was released from the Tokyo detention house along with five other radicals in exchange for the freedom of hostages taken by the extremist group in the 1977 hijacking of a Japan Airlines jetliner in Dhaka.

Ekiti's arrest followed the arrest in Manila in June 1988 of Hiroshi Sensui, 58, another of the six extremists released in 1977.

Ekiti allegedly entered Romania with a false passport on Sept. 25, 1994. Romanian security authorities took her into custody on Monday.

She was accused of having participated in a series of bomb attacks on major Japanese companies in the early 1970s before her arrest in May 1975.

After her release in 1977, Japanese authorities had put Ekiti on an international wanted list through the international criminal police organization.

The Japanese Red Army, formed in 1971, was responsible for a series of hijackings and other attacks in the 1970s and 1980s, including the killing of 26 passengers at Lod international airport in Tel Aviv in 1972.

**North Korea****U.S. 'War Gamble' 'May Develop Into a War'**

SK2403050395 Pyongyang KCNA in English 0455 GMT 24 Mar 95

[“Counting on Strength Is Miscalculation”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—The U.S. Department of Defense recently announced its decision to withdraw a programme for phased reduction of the U.S. forces present in South Korea and keep them stationed there for a long period. It is openly stepping up arms buildup while trying to ship more combat equipment into South Korea.

Commenting on this, NODONG SINMUN today says for the United States to consider strength almighty and count on it is a miscalculation.

The analyst goes on:

The reckless military moves of the United States still leave the Korean peninsula in a state of military confrontation and bring tension to a higher pitch. The U.S. outcries about "threat" from the DPRK is nothing but a pretext used to justify its war moves.

The DPRK and the United States are still in a belligerent state. The Korean Armistice Agreement has long been little more than a mere name owing to the United States. It is clear to anyone, therefore, that the war gamble of the United States may develop into a war any moment.

It is foolish of the United States to try to stifle the DPRK by force of arms, obsessed by the anachronistic concept. With nothing can they break the will and principle of the Korean people and destroy Korean-style socialism.

To count on strength will only make the matters complicated.

The United States should ponder over the ensuing grave consequences of the reckless military adventure and quit acting rashly.

**'Diplomatic Source' on Stand in Berlin Talks**

OW2403132695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Mar 95 Evening Edition p 3

[Report by Hideo Kawai]

[FBIS Translated Text] Washington, 22 Mar—A diplomatic source from the DPRK (North Korea) stated to NIHON KEIZAI SHIMBUN on 22 March that, at the U.S.-DPRK working-level talks on light-water reactors which are scheduled to open in Berlin on 25 March, it will be ready to discuss to what degree the ROK will be allowed to join in the light-water reactor project. The DPRK has not changed its persistent stance opposing introduction of "ROK-type" light-water reactors. However, since the DPRK has clearly stated its plan to seek a point for compromise with the United States, it seems likely that North Korea has shifted to a more flexible stance than ever before.

The same diplomatic source says: "We are strongly opposed to the introduction of ROK-type light-water reactors due to political and technological reasons." However, the same source stresses: "If the U.S. Government agrees to take responsibility for designing and playing the leading role in the light-water reactor project, we will be ready to agree to the ROK's participation not only in the project, but also in supplying certain parts." Then, he indicated: "We will probably have to discuss such issues as which parts of the light-water reactor project will be entrusted to the ROK, and to what degree. We will be ready to discuss these issues."

In the past, the DPRK has indicated it would agree to the ROK's partial participation in the project, but this diplomatic source's remarks can be taken to indicate its readiness to agree to the ROK's participation in a fairly large part of the light-water reactor project.

The KOREAN CENTRAL NEWS AGENCY [KCNA] once requested that the "ROK-type" title be removed from the name of light-water reactors to be supplied to North Korea, and has clearly indicated that North Korea's major request lies in changing the name. Therefore, North Korea is moving towards seeking a concrete point for compromise with the United States with the approach of the target deadline (21 April) set in the U.S.-DPRK accord on signing an agreement on the light-water reactor.

On the other hand, North Korea has not changed its hard-line stance. For example, North Korea has hinted at once again activating the experimental reactors which have been deactivated. In this regard, the U.S. Government is now closely watching what concrete plans North Korea is going to present at the U.S.-DPRK working-level consultations to be held in Berlin.

**Kim Yong-sam's 'Provocative Outburst' Viewed**  
SK2403102095 Pyongyang KCNA in English 1007  
GMT 24 Mar 95

[“Provocative Outburst Deserving Severe Punishment”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—The traitor Kim Yong-sam on March 22 showed up at a graduation ceremony of the puppet

military academy and let loose a provocative outburst that "the North will not evade punishment of the world," heaping abuses on the North as regards the implementation of the DPRK-U.S. framework agreement, a Seoul-based radio reported.

The traitor's blast is intolerable at all, as it is tantamount to a declaration of face-to-face confrontation with the North.

We resolutely denounce the blast as an anti-peace and anti-reunification crime dampening the nation's ardent desire and wish for the peace and peaceful reunification of the country, a crime making the North-South relations go from bad to worse and driving the situation of the Korean peninsula to a critical phase.

The traitor Kim Yong-sam has made quite a noise that the "North has not fulfilled the nuclear agreement". This utterance can be made only by a gangster who blames others for the crime committed by himself.

The traitor's hue and cry over the "immediate counter-action" and "readiness for security" this time show what purpose the South Korean puppets, warmaniacs, are seeking.

The traitor Kim Yong-sam are hellbent on making, at any cost, the DPRK-U.S. framework agreement abortive, so as to overpower the North with the backing of outside forces.

In recent days, the puppets, beefing up Armed Forces in real earnest, have embarked on formulating the "South Korea-U.S. Joint Operation Plan 5028", a war scenario against the North. They are carrying on all sorts of military provocations and adventurous military exercises and are even planning to stage a large-scale joint military exercise of the puppet army, navy and air force in April.

The moves of the Kim Yong-sam group for provoking a new war are nothing but a last-ditch effort to find a way out of the phase of crisis, isolated and rejected within and without.

If the Kim Yong-sam group continue to rush headlong along the road to war, defying the North's repeated warnings, it will have to pay a dear price and come to an end.

#### **Kim Yong-sam's Warning on Nuclear Accord Decried**

SK2403102095 Pyongyang KCNA in English 1007  
GMT 24 Mar 95

[“Bellicose Blast of Person Destitute of Reason”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—The traitor Kim Yong-sam at the "graduation ceremony of the military academy" held on March 22 let out such extremely provocative words as "punishment"

and "warning", taking issue with the North over the implementation of the DPRK-U.S. framework agreement.

Commenting on this, a NODONG SINMUN analyst today says this tells that the Kim Yong-sam traitor clique in the grip of hopeless crisis is trying to find a way out in a war against the North.

He further says:

The traitor Kim Yong-sam, making it fait accompli to render the situation on the Korean peninsula strained and provoke a war against the North with the backing of outside forces, is nowadays acting more rashly than before.

The rash act of the Kim Yong-sam group is an act of those who hate the implementation of the DPRK-U.S. framework agreement concerning the solution to the nuclear issue of the Korean peninsula as well as the relations between the two countries.

The traitor Kim Yong-sam seeks to obstruct the implementation of the framework agreement and, by basing himself on it, realise the "international sanctions" which he has long called for.

No matter what desperate efforts the puppets may make, they will get nothing from them.

Our People's Army and people are in full readiness to mete out a telling retaliatory blow at the enemies in case they dare encroach upon even a tree or a blade of grass of the North.

If the puppets dare provoke our Republic, they will have nothing but death.

#### Kurop Dump Project 'Radioactive War' on North

SK2403045995 Pyongyang KCNA in English 0451  
GMT 24 Mar 95

[("Ridiculous Excuse"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—The Kim Yong-sam group on March 20 claimed through a "statement" of the spokesman for the "Unification Board" that "there is no reason for the North to take issue" with the project of building a nuclear waste dump in Kurop Islet and it is a "groundless criticism".

Branding this as a ridiculous excuse to justify and press on with their criminal nuclear waste dump project at any cost, an analyst of MINJU CHOSON today says:

Kurop Islet is not only a densely-populated area but also a very dangerous place for the building of a nuclear waste dump in view of geographical, geological and traffic conditions. On top of it, it is located near the Military Demarcation Line which is in an acute military confrontation between the North and the South. Accordingly,

their decision to build the nuclear waste dump in this islet is tantamount to an open declaration of a radioactive war against the North.

This shows that the North's assertion against the building of a nuclear waste dump in Kurop Islet is neither a "groundless criticism" nor a "unfounded demand."

It is only too natural for the North to accuse the puppets of scheming to devastate the territory of the country with nuclear waste and make the whole nation victims to radioactivity. This is a patriotic advice to save the nation from a nuclear holocaust and a good warning to prevent the North-South relations from being brought to the worst pitch of confrontation. Therefore, the puppets must clearly know that the North will continue to take grave view of this matter and call them to account for it until they withdraw the nuclear waste dump project.

If the Kim Yong-sam group continues to resort to its criminal scheme in defiance of our repeated warnings, we will have to take a strong counteraction as we have already clarified.

Ours is not an empty word.

#### 'Countermeasure' Against Nuclear Dump Threatened

SK2403052895 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 23 Mar 95

[NODONG SINMUN 23 March commentary: "Scream by Those Who Were Touched on a Sore Point"]

[FBIS Translated Text] Our condemnation and denunciation of the South Korean puppets' decision to build a nuclear waste disposal site on Kurop Island is completely justified.

Nevertheless, in a statement by a spokesman for the National Unification Board, the South Korean puppets recently expressed regret over the criticism which they claim to be unfounded, and complained that the North has no reason to argue against their plan to build a nuclear waste disposal site on Kurop Island. This truly is a clumsy excuse of those whose wounds have been touched.

We take the South Korean puppets' maneuver to build a nuclear waste disposal site on Kurop Island seriously because this will inflict massive damage on not only residents of Kurop Island, Kyonggi Province, and Inchon, but people of the northern half of the Republic, and bring grave consequences to the natural and ecological environment in the West Sea of Korea.

As has been exposed, the South Korean puppets have long accelerated the development of nuclear weapons, recklessly disposed of nuclear waste produced at nuclear facilities, and, thus, committed a very vicious crime of seriously contaminating the ground, rivers, and the sea and destroying nature and the ecosystem.

In recent years, the puppets prowled about to find a prospective nuclear waste disposal site. However, they met fierce protests from residents wherever they went. This shows how massive the consequences of the construction of a nuclear waste disposal site will bring. However, the traitorous Kim Yong-sam clique has decided to build a nuclear waste disposal site on Kurop Island, close to our side's area, even though military dictators of the past era tried to find a prospective site on southern islands or in coastal areas far removed from the Military Demarcation Line [MDL]. This virtually amounts to a new provocation against us.

The South Korea Electric Power Corporation referred to the authorities' plan to build a nuclear waste disposal site on Kurop Island as being "reckless". It is very clear that if the South Korean puppets store radioactive materials which are a virtual nuclear time bomb, in an area close to the MDL where the two sides face one another in tense confrontation, it will become the fuse that will bring the situation to the brink of war and, in the long run, inflict a catastrophe of a new war, a nuclear war, on our fellow countrymen. This will be an irreversible disaster.

The puppets' attempt to build a nuclear waste disposal site on Kurop Island is practically a declaration of radioactive war [pangsanung chonjaeng pogona tarumopta] against us.

The Kim Yong-sam ring's criminal maneuver to build a nuclear waste disposal site on Kurop Island is an act of national annihilation designed to devastate the fatherland with nuclear trash and victimize all fellow countrymen in the North and South with radiative materials. It is also a grave provocation designed to lead North-South relations to the worst confrontation.

We, who spare no efforts for the people's safety, lives, and properties, can in no way bear to be a spectator to the Kim Yong-sam ring's antinational maneuver to threaten the fellow countrymen's existence with the radioactive materials.

The spiritless fellows who had not dared to protest outside forces' deployment of approximately 1,000 nuclear weapons to South Korea for national annihilation found fault with, criticized, and regretted their fellow countrymen's just advice. This is ridiculous.

The puppet Kim Yong-sam clique must immediately scrap the plan to build a nuclear waste disposal site on Kurop Island. They had better correct their wrong deed when we advise them with cordial words. If the South Korean puppets go ahead with the construction of a nuclear waste disposal site on Kurop Island despite our strong denunciation, we will take a powerful counter-measure [kangnyokhan taeung chochi]. We do not like to utter empty words.

**Abolition of ROK 'National Security Law' Urged**  
SK2303231695 Pyongyang KCNA in English 2137  
GMT 23 Mar 95

[FBIS Transcribed Text] Pyongyang, March 23  
(KCNA)—The Denmark-Democratic People's Republic

of Korea Friendship Association in an open questionnaire to the traitor Kim Yong-sam urged the demolition of the concrete wall and the abolition of the "National Security Law".

The open questionnaire said:

The concrete wall built by the South Korean authorities with the backing of the United States is a symbol of division and confrontation which divides Korea into two, the North and the South.

The South Korean authorities should pull down the concrete wall and create a favourable atmosphere of North-South dialogue.

The present "government" of South Korea is cracking down upon the people and mass organisations aspiring after reunification by dint of the anti-popular and undemocratic "National Security Law," a remnant of the dictatorial era.

Copies of the questionnaire were distributed to all the delegations of different countries which participated in the World Summit Conference on Social Development and the forum of non-governmental organisations held in Denmark and to the political parties, organisations and press organs of Denmark.

And the Brazilian paper HORA DO POVO [spelling of newspaper as received] said that the "National Security Law" of South Korea should be repealed.

**Japanese Paper 'Used' as 'Mouthpiece' by ROK**  
SK2303230995 Pyongyang KCNA in English 2227  
GMT 23 Mar 95

[FBIS Transcribed Text] Pyongyang, March 23  
(KCNA)—The Kim Yong-sam group bribed the Belgian paper LE SOIR some time ago to carry a false report that the North let South Korean students to "assassinate" Kim Yong-sam and other "senior government officials". This time, too, the group won over the Japanese SANKEI SHIMBUN by bribery and used the paper as a mouthpiece in introducing "Confession by Kim Hyon-hui—Yi Un-hye and Dakuchyaeko," an anti-communist book made by the "Agency for National Security Planning" [ANSP].

As for the "KAL incident", it was a burlesque concocted by the former South Korean military dictators as a "shocking remedy" in November 1987 in a bid to win favor for them before the "presidential election"; it was an old parcel which was foiled by bitter condemnation and rejection from the world people with the truth behind it being brought to light.

The Kim Yong-sam group is bringing forward the worn-out literature parcel again, because it is on the verge of a cliff.

The Kim Yong-sam group has been forsaken by the people for the total failure of its "reform" and "policy

toward the North and external policy". The ruling quarters are attacking Kim Yong-sam, contending that "he is incompetent". The Kim Yong-sam group in the abyss of despair is frantic in the anti-DPRK smear campaign with the brainchild used by his predecessors in an attempt to bridge over its ruling crisis.

This time the Kim Yong-sam group bribed SANKEI SHIMBUN to introduce the smear book because it is confronted with an unavoidable situation under which it has to use Japan as a theatre of the anti-communist smear campaign.

The Japanese coalition ruling parties are now inclined to improve the relations between Japan and the DPRK.

Upset by this, the Kim Yong-sam group is making desperate efforts to check the movement.

The reckless North-South confrontation move and anti-DPRK smear campaign of the Kim Yong-sam group will only precipitate its destruction.

We take this opportunity to say a few words to the back writers of the Japanese SANKEI SHIMBUN.

The SANKEI SHIMBUN that had become a laughing-stock for reporting the brainchild of the South Korean puppet "ANSP" in the past tarnished its image by carrying the false document made by the "ANSP" this time.

The SANKEI SHIMBUN should discard its wrong habit of joining, for some money, in a plot of the puppet "ANSP" denounced by the people at home and abroad as an anti-communist tool.

However much the South Korean puppets have a big mouth, the sun rises in the east.

#### **Japan's Aid 'Crafty Technique' for Exploitation**

*SK2403102995 Pyongyang KCNA in English 1018  
GMT 24 Mar 95*

[“What is Japan's 'Development Aid'”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—Japan is not willing to give "development aid" to small countries, developing countries as a "gift", NODONG SINMUN today says, and stresses: Developing countries should not harbour any illusion about and hope in developed countries.

Recalling that the Japanese delegation at the World Summit for Social Development held in Denmark recently blared that Japan is an economic power and would continue to increase the scope of "development aid" to developing countries, the author of the article says:

Why do the Japanese reactionaries make such a noise about "development aid"? Do they feel a "sympathy for

the peoples of developing countries, who are starving to death? No. [no closing quotation mark as received]

"Development aid" is a crafty technique employed by the Japanese reactionaries for exploitation and plunder. They openly say that they cannot give "development aid without reward." Japan gives one and takes away ten.

The Japanese reactionaries are trying to use "development aid" as a lever to take hold of the key economic sectors and, furthermore, the political domain of developing countries. Some time ago, the Japanese Government worked out a "new policy of aid" with the insertion of a sentence that the share of "aid" will be considered according to "democratisation" in the relevant countries.

The Japanese reactionaries are also intending to win favor of developing countries through pretended "development aid" and get a permanent seat in the United Nations Security Council.

By demonstrating the "might" commensurate with an economic power, Japan is manoeuvring to create favourable international circumstances for permanent membership of the UN Security Council. "Development aid" is part of its schemes.

#### **Leading Member of Chongnyon Departs Pyongyang**

*SK2403013995 Pyongyang Korean Central  
Broadcasting Network in Korean 1300 GMT 21 Mar 95*

[FBIS Translated Text] (Hong In-ung), chairman of the Central Inspection Committee of the General Association of Koreans Residing in Japan [Chongnyon], and his group departed Pyongyang today by plane, winding up their visit to the socialist fatherland.

Functionaries from sectors concerned saw off the chairman's group at the airport.

#### **Christian Federation Delegation Departs for Japan**

*SK2403013895 Pyongyang Korean Central  
Broadcasting Network in Korean 1300 GMT 21 Mar 95*

[FBIS Translated Text] A delegation of the Korean Christian Federation led by Kang Yong-sop, chairman of the federation's Central Committee, departed Pyongyang for Japan on 21 March by plane.

(Yi Chon-min), secretary general of the Korean Christian Federation Central Committee, saw off the delegation at the airport.

#### **Outgoing Envoy Pays Call on Yasir 'Arafat**

*SK2403011095 Pyongyang Korean Central  
Broadcasting Network in Korean 1100 GMT 22 Mar 95*

[FBIS Translated Text] Our country's ambassador Yi Chin-kyu paid a farewell call on Palestinian State President Yasir 'Arafat on 17 March.

In the meeting, the ambassador conveyed greetings from the great leader [yongdoja] Comrade Kim Chong-il to President Yasir 'Arafat. The president expressed deep gratitude for this and asked the ambassador to convey his heartfelt greetings wishing a long life to the great leader [yongdoja] Comrade Kim Chong-il.

Saying he had maintained special relations with the great leader Comrade Kim Il-song, 'Arafat said he will never be able to forget the respected and beloved leader. Saying he has known the dear leader Comrade Kim Chong-il's greatness and wise leadership for a long time, the president pointed out that the great leader [yongdoja] Comrade Kim Chong-il has inherited and is brilliantly developing the chuche revolutionary cause pioneered by the great leader Comrade Kim Il-song.

The president said he wholly supports the policies of the Workers Party of Korea [WPK] and the Republic government for Korean-style socialist construction as well as the country's independent and peaceful reunification. He also said he will invariably support Korea's principled stance toward the nuclear issue on the Korean peninsula.

'Arafat said he always keeps in mind that the WPK and Republic Government have positively supported the Palestinian people's cause and expresses deep gratitude for this. He stressed he will work to further develop the friendly and cooperative relations forged between Palestine and Korea.

**Reception Given by Pakistani Ambassador 23 Mar**  
SK2403044895 Pyongyang KCNA in English 0439  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—Pakistani Ambassador to Korea Rehmdil Bhatti [spelling of name as received] gave a reception at the Ognyu Restaurant in Pyongyang on Thursday [23 March] on the day of Pakistan.

Invited there were Vice-premier and Foreign Minister Kim Yong-nam, chairman of the Supreme People's Assembly Yang Hyong-sop, chairman of the State Education Commission Choe Ki-yong and other officials concerned.

Speaking at the reception, Rehmdil Bhatti said that the foundation of relations between Pakistan and Korea was laid by Prime Minister Zulfiqar Ali Bhutto and President Kim Il-song. These relations have been developed in mutual interests according to the desire and hope of the leaders and peoples of the two countries, he noted.

He said that Pakistan and Korea, member states of the nonaligned movement, are continuously cooperating to establish a peaceful world and a fair international order.

He expressed the belief that the relations between the two countries will in the future, too, come into fuller bloom under the wise leadership of Prime Minister

Benazir Bhutto and Marshal Kim Chong-il, the great leader of the Korean people.

Chong Ha-chol, chairman of the DPRK Radio and Television Broadcasting Committee and chairman of the Korea-Pakistan friendship Association, in his speech said that the Pakistani Government is developing relations with the third world countries and Islamic countries, adhering to the non-aligned principles.

"We highly appreciate your country for making active efforts for peace and security in south Asia and support it," he noted, adding:

"The friendly and cooperative relations between Korea and Pakistan are being carried forward and developed by Comrade Kim Chong-il, the great leader of our people, and esteemed Prime Minister Benazir Bhutto."

**Gathering Marks Bangladesh Day of Independence**

SK2403043795 Pyongyang KCNA in English 0426  
GMT 24 Mar 9

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—A friendship gathering was held here on Thursday in the name of the Korea-Bangladesh Friendship Association on the occasion of the 24th anniversary of the independence of Bangladesh.

Present there were Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries and vice-chairperson of the Korea-Bangladesh Friendship Association, and members of the association.

The participants saw a videotaped film introducing cultural relics of Bangladesh.

Then, congratulatory messages to the president and the prime minister of Bangladesh and the Bangladesh-Korea Friendship Association were adopted in the name of the Korea-Bangladesh Friendship Association.

**Foreign Businessmen Continue Najin-Sonbong Visits**

SK2303231395 Pyongyang KCNA in English 2156  
GMT 23 Mar 95

[FBIS Transcribed Text] Pyongyang, March 23 (KCNA)—Foreign businessmen and financiers are increasingly interested in Najin-Sonbong area, a free economic trade zone in the Democratic People's Republic of Korea, which is widely known to the world as a "golden delta".

In the first two months of the year alone, 11 foreign business delegations including a delegation of the Chinese Asia Pacific Company Ltd. visited the area and had economic working-level talks.

126 business delegations from the United States, Greece, China, Singapore, Hong Kong, Switzerland, Malaysia and other countries visited the area last year.

After making the rounds of Najin Port, they were unanimous in saying that the port is, indeed, a "golden port" rare in the world in view of both peculiar natural and geographical conditions and economic efficiency.

They held talks on building the area into a transit zone, up-to-date export goods processing base, light and electronic industrial zone, attractive tourist resort and creditable international financial base.

A foreign investment company has already built the freight transit ground of wharf No. 1 of Najin port with the investment of 2 million U.S. dlsr, through which fertilizers are being transited.

A Chinese company decided to invest in modernizing loading and unloading facilities at the quay No. 8 of wharf No. 2 of the port.

A Greek company delegation expressed its intention to invest in the oil processing industry.

Some business delegations were shown round the Paekhak Electronic Industrial Zone and decided to set up factories of video-recording devices, tape recorders, refrigerators and other electronic and electric utensils in the zone.

After making the rounds of the Hongui Machine Building Industrial Zone some business delegations designed to build modernly-equipped lorry production and assembling factories.

Delegations of the Hong Kong Peregrine Holding Company Ltd., the Malaysian Franciatic Ltd., the U.S. Stanton Group, the Swiss RTN Group, the Singaporean Daxin Group, the Hong Kong Asia Development Company Ltd., and many other companies discussed detailed business matters in order to invest in the Najin-Sonbong area.

#### Gathering Celebrates Day of World Meteorology

SK2403043895 Pyongyang KCNA in English 0431  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—A meeting was held here on Thursday [23 March] under the sponsorship of the Hydro-Meteorological Service of the Democratic People's Republic of Korea on the day of world meteorology.

Yi Sang-rak, vice-director of the Hydro-Meteorological Service, in his lecture noted that the World Meteorological Organisation [WMO] set March 23 every year the day of world meteorology and the Executive Council of the World Meteorological Organisation decided to observe the day under the title of the "Mass Weather Forecast Service" this year.

The Workers' Party of Korea and the government of the DPRK which regard it as the highest target in their activities to realize the popular masses' desire for independence are paying due attention to the mass weather

forecast service so that it may meet the requirement of the developing national economy, he said, adding:

With powerful centres for the mass weather forecast service and research built thanks to the outstanding leadership of the great leader Comrade Kim Il-song and the loving care of the great leader Comrade Kim Chong-il, the Hydro-Meteorological Service is taking charge of meteorology, hydrology and oceanography in our country in a unified way and fully discharging its mission and role as a national body of the World Meteorological Organisation.

The DPRK Government recently ratified the UN Framework Convention on Climate Change and the Vienna Convention on Prevention of Ozone Layer and Montreal Protocol on Ozone Depletion Materials.

He noted that today the DPRK highly estimates the World Meteorological Organisation's proper discharge of its mission and asked an assistant representative of the UNDP[United Nation's Development Program] mission to inform the WMO and the United Nations of this.

The meeting was also addressed by Carlys Hessik, assistant representative of the UNDP mission.

Then, a friendship gathering was followed.

#### Kim Il-song's Birthday Commemorated Overseas

SK2403042795 Pyongyang KCNA in English 0424  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—Celebrations were held in different countries on the occasion of the birth anniversary of the great leader President Kim Il-song.

A meeting for celebrating his birth anniversary took place in New Delhi, India.

D.P. Maheshwari [spelling of name as received], chairman of the Indian Federation for World Cooperation and Cultural Relations, in his report at the meeting said:

Respected President Kim Il-song embarked upon the road of revolution in his early years and wisely led the Korean revolution and the world revolution, breaking through the most rigorous trial over the 80 years and performed immortal feats which will be recorded forever in human history.

President Kim Il-song, regarding "believing in the people as in heaven" as a maxim in the whole period of his revolutionary activities, infinitely loved the people and found himself always among them, devoting his whole life to them.

The Indian people will remember respected President Kim Il-song forever as the great leader of the Korean people as well as a close friend of India and the sun of the world revolution.

Meanwhile, film shows were held in Peru and Madagascar, by the Group for the Study of the Chuche Idea of Comrade Kim Il-song of West la Penitence, Georgetown, Guyana, the Guinean Ministry of Finance, the Guinean Committee for Supporting Korea's Reunification, the police headquarters of Nigeria and at the Cultural Centre in Dar es Salaam, Tanzania.

Korean films including "The Great Leader Comrade Kim Il-song Is Immortal," "Great Life in 1994" and "My Socialist Country" were screened.

#### Daily Lauds Kim Il-song's Work on Rural Issue

SK2403021695 Pyongyang NODONG SINMUN in Korean 24 Feb 95 p 2

[Article by Kim Chol: "A Programmatic Work Which Has Elucidated a Road for the Final Solution of the Socialist Rural Question"]

[FBIS Translated Text] One year has passed since the great leader Comrade Kim Il-song published the immortal classical work, "For the Final Solution of the Rural Question Under the Banner of the Socialist Rural Thesis."

Greeting this day, all of our people and agricultural workers not only recall with infinite reverence the great leader Comrade Kim Il-song's glorious, splendid path into which he put his body and soul for the final solution of the socialist rural question, but they are also filled with the firm determination to thoroughly implement his lifetime teachings.

The final solution of the rural question was an important question in which the great leader Comrade Kim Il-song was deeply interested while he was alive. The solution of the rural question is of great significance in realizing the popular masses' cause for independence, that is, the cause of socialism. Only when the rural question is solved completely, can we achieve the complete victory of socialism, demonstrate the superiority and invincible might of socialism and further strengthen its driving force.

The great leader Comrade Kim Il-song devoted his all to solving the rural question during his whole life. In his classical work, "For The Final Solution of the Rural Question Under The Banner of Socialist Rural Thesis," published on 24 February 1994 the great leader Comrade Kim Il-song dignifiedly summed up the successes achieved in the struggle to embody the socialist rural thesis and further consolidated, expanded, and developed them. Thus, he has clearly elucidated the road to solve the rural question completely. Because of this, the work has become a great program for socialist rural construction which our party and our people should firmly grasp.

The great leader Comrade Kim Il-song has taught: "It is our sacred duty to solve the rural question victoriously in

our country which is safeguarding, defending, and glorifying our own style of socialism under the banner of the socialism of chuche."

The spirit contained in the work is the ideology to victoriously solve the rural question by accelerating socialist rural construction and, thus, to achieve the complete victory of socialism and vigorously demonstrate the superiority and invincibility of socialism of our own style. The most important problem arising in accelerating socialist rural construction under the banner of the socialist rural thesis is to further deepen and develop the ideological and cultural revolutions.

Those in direct charge of socialist rural construction are precisely agricultural workers themselves. Therefore, only by more firmly preparing agricultural workers ideologically, mentally, technologically, and culturally, in conformity with the demands of socialism, can the rural question be solved completely. The work has extensively elucidated the task to lift farmers' ideological and mental level up to the working class' level by further deepening the ideological and cultural revolutions in rural areas and, thus, to do away with the ideological and cultural backwardness of rural areas completely.

We should firmly grasp our party's ideological revolution policy and vigorously wage ideological work among agricultural workers.

Making agricultural workers revolutionary and assimilating them into the working class and, thus, socializing them, that is, modelling them after the chuche idea, is an important task in the ideological revolution. By strengthening indoctrination work on the chuche idea among agricultural workers we should lead them to firmly establish a chuche-oriented revolutionary view of the world and to be infinitely loyal to the party and the revolution.

Along with this, we should also concentrate greater efforts on strengthening class indoctrination and collectivist indoctrination among agricultural workers and, thus, should lead them to firmly arm themselves with class consciousness and the revolutionary spirit of the working class and to resolutely struggle against the imperialists and class enemies. We should also lead agricultural workers to thoroughly embody the collectivist spirit in their routine labor and life and, thus, to voluntarily and sincerely participate in collective labor. At the same time, we should widely generalize agricultural workers' laudable behaviors so that laudable communist manners and customs can widely flourish in all rural households, sub-work teams, work teams, and farms. In addition, we should further enhance their organizational spirit and disciplinary character by strengthening agricultural workers' party life and organizational life.

Enhancing agricultural workers' ideological and cultural level in conformity with the demand of assimilating the whole society into the intelligentsia is an important task

that arises in the accomplishment of the cultural revolution in rural areas today. Therefore, by strengthening and developing the most superior educational system of our country in conformity with our rural situation we should constantly enhance agricultural workers' technological and cultural level, thoroughly establish tidiness in production and tidiness in culture in rural areas, and eliminate differences between urban and rural areas in the conditions of cultural life.

To eliminate the differences between the living conditions of urban and rural inhabitants we should solve the five major tasks, that is, we should complete electrification, complete introduction of piped water service, complete introduction of bus service in rural areas at a higher level, and we should realize the introduction of central heating systems and gas supply services in rural villages. It is important to consolidate and develop the successes of the rural technological revolution in accelerating socialist rural construction under the banner of the socialist rural thesis.

The four major tasks of the rural technological revolution presented in the socialist rural thesis—introduction of irrigation systems, electrification, mechanization, and chemicalization—are the most important tasks to eliminate backwardness in the technological field of rural areas and to industrialize and modernize agriculture. Our country has basically completed the four major tasks of the rural technological revolution. As a result, momentous progress has been made in the struggle for industrializing and modernizing agriculture, and a firm foundation for modern agriculture has been built.

In his classical work the great leader [suryong] has elucidated that the task arising at the present stage is to consolidate the successes achieved in the accomplishment of the rural technological revolution and to further expand and develop them to realize the industrialization and modernization of agriculture.

The work has elucidated all problems. They include the problem of consolidating the successes achieved in the introduction of irrigation systems, electrification, mechanization, and chemicalization and of strengthening their might; the problem of completing land readjustment and of providing fuel needed in the mechanization of the rural economy; the problem of developing agricultural science and of actively introducing its successes; the problem of making agricultural production more scientific and of intensifying it by thoroughly implementing the chuche-oriented farm method; and the problem of constantly increasing agricultural production on the foundation of the successes achieved in the rural technological revolution and the development of agricultural science and technology.

As socialist rural construction develops into a new high stage, the problem of further strengthening assistance to rural areas has become another important problem.

The working class' guidance to farmers, industry's assistance to agriculture, and the urbanite's help to rural areas

are the inherent demands of the socialist society. They are also one of the basic principles in solving the socialist rural question elucidated in the socialist rural thesis.

Under socialism, urbanites' assistance to rural areas should continue until the latter reaches the level of the former in all aspects. This is precisely the major ideology elucidated by the great leader [suryong] in his classical work. Elucidated in the classical work are the tasks arising in strengthening assistance to rural areas and the methods to implement them. Specifically, the work elucidates not only how the working class can set an example in making peasants revolutionary and assimilating them into the working class, but also the tasks to enhance their leading roles in socialist rural construction, to further strengthen the industry's material and technological assistance to rural areas, and to improve the work of supplying commodities to rural areas.

As taught by the great leader [suryong] we should firmly abide by the principle of assisting rural areas, should pay deep attention to the development of the rural economy and to agricultural workers' living standards, should accelerate the industrialization and modernization of agriculture on the basis of the developing industry, and should establish active, nationwide measures to more smoothly ensure the working and living conditions of peasants, as well as workers.

To do away with differences between urban and rural areas and to completely solve the rural question it is imperative to do away with differences between industry and agriculture in the economic management sector based on the successes achieved in the technological and cultural revolutions and to gradually turn cooperative ownership into all-people ownership in rural areas.

A fundamental way to remove differences between agriculture and industry in economic management is to improve the management and operational method of the rural cooperative economy to the level of the advanced business management in industry as is elucidated in the rural theses. This work presents the work to strongly consolidate county cooperative farm management committees and other agricultural guidance offices, to enhance their functions and roles, and thus to improve and strengthen guidance and management in the rural economy.

In particular, what is very important is that in the work the great leader fully elucidated the fundamental problems and ways for switching over cooperative ownership to all-people ownership.

The work to switch over cooperative ownership to all-people ownership is to develop cooperative ownership, which is of a low level in socialist ownership, so it becomes all-people ownership, which is of a high level; such development must take place gradually depending on the promotion of all conditions and possibilities.

A fundamental condition for switching over cooperative ownership to all-people ownership is raising the cooperative farmers' ideological level and strengthening the

material and technological basis for the cooperative economy. An important principle that the great leader elucidated in the work is that we can switch over cooperative ownership to all-people ownership only when we imbue the people with revolutionary doctrines and a working-class spirit, and when we highly industrialize and modernize the rural economy by vigorously waging the struggle to conquer the ideological and material fortresses in building socialist rural areas. The work elucidates all specific problems for carrying out the historic cause of switching over cooperative ownership to all-people ownership, such as a need to carry out at county levels the work of switching over cooperative farms to all-people ownership, and a need to adopt types and methods suitable to the socialist rural economic system of our country and our rural conditions. The work also stresses the idea to strengthen party guidance in building socialist rural areas in order to successfully resolve the rural question.

When we follow the road elucidated by the great leader, we can brilliantly accomplish the task of building socialist rural areas and successfully carry out, without the slightest deviation, the task of switching over cooperative ownership to all-people ownership.

In our country, the Mangyongdae District State Farm and Sukchon County Agricultural Complex were organized this year and have been run to accomplish the programmatic task that the great leader presented in the work. As a result, broad prospects have unfolded nationwide for switching over cooperative ownership to all-people ownership.

We must more highly display the superiority of all-people ownership in hearty response to the great leader's behests.

The great leader's work is a militant banner that inspires our people into an onward march to powerfully accelerate the construction of socialist rural areas and hasten the complete victory of socialism.

In hearty response to the great leader Comrade Kim Il-song's will, we must single-heartedly and strongly unite around respected and beloved Comrade Kim Chong-il, must fight resolutely, and thus must make new revolutionary turns in building socialist rural areas.

#### State Administration Council Powers Said Expanded

OW2403052495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Mar 95 Morning Edition p 8

[By Ichiro Ishikawa]

[FBIS Translated Text] Seoul, 22 Mar—The powers of the State Administration Council [SAC], the DPRK's government, are being expanded.

The People's Armed Forces Ministry, which used to report directly to the National Defense Commission

(chaired by Secretary Kim Chong-il), has been placed under the SAC. Offices dealing with foreign trade have also been unified under the SAC. This is seen to signify that technocrats, particularly those working for the SAC, are becoming the actual central force in state administration.

While this can be considered a move taken pursuant to the late President Kim Il-song's "teachings on promoting an open door policy," some analysts see it as a result of internal power struggles, and regard it as a cause for the delay in Kim Chong-il's full succession to power.

The People's Armed Forces Ministry was directly under the National Defense Commission and independent of the SAC. However, it was learned in the "1994 Korean Central Yearbook," published in December 1994, that the ministry is now the SAC's second most important organization, coming after the Foreign Affairs Ministry. Since the "1994 Yearbook" records events that transpired in 1993, it is believed that the People's Armed Forces Ministry was put under the SAC in late 1993, before Kim Il-song's death.

On the other hand, the unification of foreign trade offices was seen in the March issue of NAMBUK KYONGHYOP [SOUTH-NORTH ECONOMIC COOPERATION], an internal ROK Trade Association publication. According to the journal, North Korea started to reorganize its offices concerned with external economic relations in the second half of 1994. Both the Korean People's Industrial Development Association of the Korean Workers' Party and the Committee for the Promotion of International Trade under the SAC were dismantled to make way for a General Bureau of Economic Coordination (tentative name) under the SAC External Economic Committee.

Such steps to strengthen the SAC are believed to be in line with the "reform" policy that began in the Kim Il-song era, and the ROK does not see a major change in the DPRK power structure forthcoming. ROK Government sources see them as attempts to camouflage North Korea's increasing military spending.

According to Kang In-tok, director of the Far East Affairs Research Institute: "While there will be no change in the party's exercise of leadership, this may signal a move toward collective leadership."

However, there are also persistent views that the reason Kim Chong-il has not formally assumed power is that an internal power struggle is going on in North Korea.

Chief Editor Nishioka, of the Japanese monthly GENDAI KOREA [CONTEMPORARY KOREA], claims that the fact that the "joint editorial of the three key newspapers" published in early 1995 did not mention foreign trade and that the government organ, MINJU CHOSON [DEMOCRATIC KOREA], did not join in the editorial, shows that some sort of conflict has

arisen between the party—represented by Kim Chong-il's close associates—and the SAC.

### Ten-Point Programme Supported by World Youth

SK2403040895 Pyongyang KCNA in English 0402  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 23 (KCNA)—Participants in the 14th Conference of the World Federation of Democratic Youth held in Lisbon in February took part in the signature campaign for international solidarity, on behalf of their organisations, supporting the "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" put forward by the great leader President Kim Il-song.

The signature paper was signed by delegates of 40 youth organisations from five continents including the Young Communist Union of Portugal, the Young Communist League of Cuba, the National Democratic Youth Union of Nepal, the Communist Youth of Greece, the Young Communist League of Russia, the Free German Youth Union, the Young Communist Union of the United States, the Ho Chi Minh Young Communist League of Vietnam and the Socialist Youth Union of Romania.

After signing the paper, they said that considering the 10-Point Programme to be a great charter of national reunification reflecting the desire of all the Korean people in the North, the South and abroad to reunify the country in an independent and peaceful way, they express full support and solidarity for the just struggle of the Korean people and youth to reunify the country in the 1990s without fail under the banner of the programme.

### LSWYK Central Committee Plenary Meeting Held

SK2403044395 Pyongyang KCNA in English 0434  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—The Sixth Plenary Meeting of the Central Committee of the League of Socialist Working Youth of Korea [LSWYK] was held.

The plenary meeting discussed the task to greet the 50th anniversaries of the foundation of the Workers' Party of Korea and the liberation of the country with a high degree of political enthusiasm and brilliant achievements in labour and strengthen LSWYK organisations' work among school youth.

It stressed the need to strengthen and develop the LSWYK into a youth league of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il and a unit with strong organisation, unity and militancy and firmly prepare all the youth and school children to be 8 million rifles and bombs of defending Comrade Kim Chong-il at the cost of their lives.

Relevant decisions were adopted at the plenary meeting.

### Changjagang Plant Increases Electricity Production

SK2403012395 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 23 Mar 95

[FBIS Translated Text] According to a report by correspondent Choe Hun of the Korean Central Broadcasting Network, party members and the working class at the Changjagang Power Plant, who have vigorously risen up and upheld the party's intent presented in the joint editorial carried by NODONG SINMUN, are continuously increasing production of electric power in the spirit encouraged by their accomplishment of the electric power production plan for the first quarter of the year far ahead of schedule.

Workers and technicians at the power generating workshop proudly keep overfulfilling daily production plans at the 150-percent level or greater, gathering their wisdom and strength for more effective technological management of generating facilities and guaranteeing reasonable load distribution and effective operation of the facilities at full capacity.

Party members and working people at the inventory sector, including the repair workshop, responsibly manage the hydroelectric structure of the plant so as to prevent even a single drop of water from being wasted as well as prepare in advance the parts, tools, and equipment needed for checking and repairing generating facilities, all the while highly displaying the revolutionary spirit of self-reliance and fortitude, and thus actively maintaining a high and steady rate of electric power production.

### Increase in Iron, Steel Production Reported

SK2403102495 Pyongyang KCNA in English 1002  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—Working people in the field of the metal industry of Korea are actively working to greet the 50th anniversaries of the foundation of the Workers' Party of Korea (October 10, 1945) and liberation of the country (August 15, 1945) with great achievements.

According to the data available at the Ministry of the Metal Industry, the output of steel and pig iron this month was respectively 40 and 30 percent up as of March 23 above the same period of last month.

In this period output of steel has grown 1.4 times and rolled steel and pig iron 1.3 times at the Kim Chaek iron and steel complex.

The Hwanghae iron and steel complex and the Chollima steel complex produced several thousand more tons of steel and iron.

### Achievement in Nonferrous Metal Ore Production

SK2403102395 Pyongyang KCNA in English 1000  
GMT 24 Mar 95

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—Nonferrous metal ore production is increasing in Korea.

Over the last 23 days, it was 30 percent higher than that in the same period of last year, Choe Pyong-o, director of the General Production Guidance Bureau of the Ministry of the Mining Industry, said.

The Komdok mining complex, a leading nonferrous metal ore production base, is achieving greater success in production to greet this year which marks the 20th anniversary of on-the-spot guidance of the great leader Comrade Kim Chong-il (July 1, 1975) and the 50th founding anniversary of the Workers' Party of Korea (October 10, 1945) with labour achievements.

Thus, mineral production increased over 1.3 times in the period.

The Songchon, Unhung and August mines produced thousands of tons of mineral ore outside the plan.

### Article on 'Beauty' of Chuche Summarized

SK2403102595 Pyongyang KCNA in English 1013  
GMT 24 Mar 95

["Chuche-Based Elucidation of Beauty"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 24 (KCNA)—NODONG SINMUN today runs an article "Chuche-Based Elucidation of Beauty" contributed by Dr. Kim Chong-pon, which reads in part:

The great leader Comrade Kim Chong-il was the first in history to give the most perfect scientific exposition of what is beautiful. This is a distinguished contribution to the development of human thought on aesthetics.

Comrade Kim Chong-il clarified the socio-class character of beauty and scientifically explained that what confirms with the requirements and desire of the popular masses for independence is beautiful. This is the correctest view that clarifies the standard of beauty, centering on the popular masses.

Comrade Kim Chong-il expounded the idea that what is most beautiful in the world is the beauty of man, which is his ideological and mental traits and unfailing loyalty to the party and the leader, the country and the people.

Loyalty to the party and the leader is the supreme expression of communistic morality and constitutes a kernel of the ideological and mental traits of a beautiful man. Only when a man remains loyal to the party and the leader who gives him a precious political integrity

and devotedly serves the country and the people, can such a deed be praised for ever as beauty with the cause of the popular masses.

In our society today, the slogan "One for all and all for one!" is the absolute principle of all struggle and activities of people and the way of life. The whole society is closely united around the great leader on the basis of comradely love and revolutionary obligation. Noble deeds of devoting everything to the party and the leader, the country and the people, not to personal indolence and advancement in life, are fully being displayed among all the people including workers, peasants, intellectuals and soldiers. This is a precious fruition of the wise guidance of the great leader Comrade Kim Chong-il who has devoted all his efforts and energies to bringing up all the people to be genuine communist revolutionaries with noble and beautiful ideological and mental traits.

### Daily Urges Development of Science, Technology

SK2403110295 Pyongyang NODONG SINMUN in Korean 25 Feb 95 p 1

[Editorial: "Let Us Rapidly Develop Science and Technology"]

[FBIS Translated Text] At the moment, our people are vigorously accelerating the onward march to further enrich our country, our fatherland, while rallying in single-hearted unity around the great leader [yongdoja] Comrade Kim Chong-il. An important key to the victory in this onward march lies in firmly grasping science and technology.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"It is necessary to rapidly develop science and technology to further enrich our country, our fatherland."

Our party's firm determination is to further enrich our country, our fatherland. Embodied herein is the boundless loyalty of the great leader [yongdoja] Comrade Kim Chong-il toward the fatherly leader [suryongnim] and his cause. The way to further enriching our country while keeping deep in our hearts the great leader [yongdoja] Comrade Kim Chong-il's intentions and plans is the way to consummate the leader's [suryongnim] cause while upholding the great leader's [suryongnim] intentions. Today, in adding luster to the chuche Korea where the great countrymen of Kim Il-song are living, the prosperous socialist fatherland, it is a very urgent question to rapidly develop our science and technology.

When we rapidly develop science and technology, then we can guarantee a more abundant and civilized life for the people.

Science and technology serve as the lifeline in developing the economy and carrying out the technical revolution. Only when we rely on science and technology can we firmly consolidate the socialist material and technical

foundations; liberate the workers from difficult and arduous labor; and provide them with a more abundant, civilized material and cultural life.

Without the backing of science and technology, we cannot successfully push for the struggle to accomplish the party's revolutionary economic strategy aimed at improving the people's livelihood. Science and technology are the greatest reserves in increasing the production of agriculture and light industry and in developing foreign trade. We should also achieve self-reliance by developing science with our own wisdom and achieving technical innovations. If the already existing, firm economic assets are combined with the might of science and technology, there is no fortress that we cannot seize.

When we rapidly develop science and technology, we can smash the imperialists' schemes to impose an economic blockade against the Republic, and we can achieve prosperity and progress in the socialist fatherland.

At the moment, a great showdown between us and the imperialists is fiercely under way on the scientific and technical front, as well as on the political and ideological front. To rapidly develop science and technology provides a guarantee to display the superiority of socialism over capitalism and to victory in the economic and technological confrontation with the enemies.

The present era is the one in which science and technology are rapidly developing and the role of science and technology has grown extraordinarily large in pioneering the destiny of the country and the nation. The smaller a country is, the greater the efforts it should make to develop science and technology. On this basis, we should attach greater importance to science and technology, and make strenuous efforts to turn our country at an early date into one in which science and technology are highly developed.

All party organizations and functionaries, party members and workers should effect a new turn in the country's development of science and technology by upholding the party's intentions and waging a strenuous struggle to accomplish such intentions.

It is necessary to firmly fortify the ranks of scientists and technicians in a qualitative way.

Above all, it is necessary to foster reserve scientists and technicians in a far-sighted way. Scientific research work should continue generation after generation. Competent scientists and technicians cannot be fostered in a day or two. Therefore, those in the scientific research sector should conduct necessary organizational work, while paying deep attention to fostering young-generation scholars who will succeed authoritative scholars in each individual sector. Keeping the party's intentions in their hearts, old scholars should teach, support, and lead with responsibility the young scholars to whom they will hand over the baton. Reserve scientists and technicians should make strenuous efforts to reach the level of old scholars

at an early date by studying hard with a high sense of honor and self-consciousness.

It is also important to fortify the ranks of scientists and technicians by combining older, middle-aged, and younger generations. A high goal our party has set today is: Scientists should make great achievements in the research work in their youth, that is, in their twenties and thirties; become doctors or associate doctors in their twenties; and become academicians in their forties and fifties. If success in science is not achieved in youth—when one has youthful vigor, an enterprising spirit, and enthusiasm for research—one will never be able to proudly feel his life is worth living as a scientist. All scientists should regard the goal, which has been set by the party, as the milestone for life and struggle; and they should direct everything toward such a milestone and steadily go forward toward it on a step-by-step basis. Those in the scientific research sector should fortify the ranks of scientists and technicians on the basis of the principle of combining the older, middle-aged, and younger generations, and forcefully push for the struggle to elevate their level. Capability and proficiency are the fruits of strenuous efforts. By establishing a revolutionary study spirit, scientists and technicians should become men of wide knowledge who are well versed in their own specialties, have good knowledge of the modern scientific and technological trends, and have knowledge in various sectors; and they should also become competent creators of science and technology that can easily solve any difficult problem. They should also regard, as their research assignments, the realistic questions arising in the process of practice and the questions to open a new path of science and technology; and fulfill those assignments in the shortest period of time by devoting all their wisdom, energy, and talent, thereby actively contributing to accelerating the socialist construction and elevating the level of the country's science and technology to a world-class level.

More investments should be made in rapidly developing science and technology.

Unless the conditions necessary for the scientific research work are supplied, it is difficult to achieve success, no matter how well the ranks of scientists and technicians are fortified, and no matter how high their ideological determination and capability are. We should help achieve great success in the scientific research work by smoothly supplying the scientific research sector with up-to-date research facilities and experimental apparatuses in conformity with the current of developing modern science and technology. In particular, priority should be given to making investments in developing ultramodern science and technology, including the electronics industry. Those in the scientific research sector should carry out the organizational work to make effective use of state investments. The commissions and ministries of the Administration Council should give top priority to supplying facilities and materials that are required in guaranteeing the establishment of scientific research bases and conditions for scientific research.

To intensify the indoctrination work for scientists is an important demand to rapidly develop science and technology.

Whether we can rapidly develop science and technology totally depends upon how scientists and technicians make efforts and wage struggles. Our scientists and technicians should become genuine revolutionaries, revolutionized intellectuals who conduct research in science and achieve technical innovations with indomitable conviction and will, while harboring endless loyalty to the leader [yongdoja] of the revolution.

All scientists and technicians should unflinchingly realize the pledge they firmed up before the party at the Korean intellectuals congress, while keeping deep in their hearts their great honor as the party's eternal companions, faithful supporters, wonderful advisers, and ardent defenders and thorough-going accomplishes of the party policy. Scientists in the era of revolution should not assume the attitude of assigning blame for bad conditions and of failing to devote their whole energy and efforts to the research work.

The party organizations should intensify the ideological indoctrination for and organizational life of scientists, thereby helping all scientists actively devote all they have to the scientific research work with a high sense of loyalty to the party, tenacious revolutionary will, and the revolutionary spirit of self-reliance and fortitude. The party organizations should also effectively evaluate the results of scientific research and stress the importance of scientists and technicians, thereby increasing the creative enthusiasm of scientists and technicians, and helping their knowledge and technology practically contribute to the country's development of science and technology and to socialist construction.

In rapidly developing science and technology, it is very important to actively wage the mass technical innovation movement.

The masses are the masters of technology, as well as the masters of production. It is necessary to more vigorously wage the mass technical innovation movement in all sectors of the people's economy, thereby helping everyone become creator and innovator of new technology. It is also necessary to lend active support to valuable technical innovation plans put forth by the producing workers and help them accomplish those plans; and to help scientists and technicians mingle with the producing workers and help scientists and technicians solve, in cooperation with the producing workers, scientific and technical questions arising from accomplishing the party's revolutionary economic strategy. It is necessary to further intensify the work by the shock troops of technical innovations, thereby helping them serve as vanguards in the implementation of the technical revolution.

All functionaries should have a correct viewpoint of science and technology, pay more attention to the scientific and technical work, and accept valuable and reliable

results of scientific research and technical innovation plans on a timely basis, thereby making them bear great fruits. Functionaries and workers should give priority to effecting technical innovations and achieving upsurges in production and construction with the force of new technology, while keeping deep in their hearts the fact that the principle of self-reliance, which demands that functionaries and workers should solve everything with their own strength, can be successfully embodied, when they develop science and technology.

The results from scientific research work and technical innovations are importantly connected with how the party organizations support scientists and technicians.

The party organizations should endlessly intensify the work to revolutionize scientists and technicians while upholding the party's policy to revolutionize the whole society, thereby helping scientists and technicians live and work in a revolutionary way, while being filled with fervent zeal and enthusiasm, and being determined to devote all they have to further enriching our country, our fatherland.

The party organizations should trust scientists and technicians; boldly assign tasks to them; actively encourage them to put forth original ideas, positive initiatives, and an indomitable fighting spirit; and develop such ideas, initiatives, and spirit. Even when scientists and technicians face failure in their scientific research work and technical innovations temporarily, the party organizations should encourage them to have conviction and courage, and forcefully support them to the end so that they can achieve wonderful fruits in everything, from the standpoint of sharing the responsibility.

The honorable and responsible task facing us today is to firmly defend our socialism, which we have acquired with blood and built with creative labor along the protracted and arduous road to revolution, and to add luster to it with science and technology.

All functionaries, party members, and workers should forcefully struggle to develop science and technology, filled with far-sighted ambition and conviction, with a view to further enriching the socialist Korea, which the great leader [suryongnim] founded and the great leader [yongdoja] Comrade Kim Chong-il is leading.

## South Korea

**Kim Again Warns North on Implementing Accord**  
SK2403075795 Seoul YONHAP in English 0640 GMT  
24 Mar 95

[FBIS Transcribed Text] Chinhae, South Kyongsang Province, March 24 (YONHAP)—President Kim Yongsam again warned Friday that North Korea would face sanctions by the free world unless it abides by the nuclear agreement it signed with the United States.

Addressing the 49th commencement exercises of the Naval Academy here, Kim said, "I've already warned that North Korea will not be able to avoid being punished by the free world if it refuses to honor the nuclear agreement and thus chooses to run counter to the currents of the times. North Korea should not belittle this warning of mine."

The chief executive made the earlier warning Wednesday while attending commencement exercises of the Korean Military Academy.

Noting that the North is suffering from "triple difficulties" from a changed international environment in the wake of the collapse of communism in eastern Europe, aggravated economic hardships and contradictions of the system, Kim said, "it is a stern fact that the possibility cannot be ruled out that the North may create tension on the Korean peninsula as a last resort to escape their difficulties.

"Our Armed Forces must firmly safeguard the peace of the fatherland with an iron-tight defense posture," the president said. "Should the country be not defended, the freedom and prosperity we have achieved with so much toil would go up in smoke."

Emphasizing the need to reinforce the Navy, the chief of state said, "for the country that has emerged as the 12th largest trading member of the world, it is an important question swaying the nation's survival and prosperity to establish security on seas. .. Our Navy should have forces having a balanced combat capability on, under and above water."

Not only the Armed Forces but also the citizens should play due roles in maintaining national security, Kim said and added, "we must positively support our armed forces that have shouldered upon themselves this noble mission."

#### Ministry Stresses No Concession on Reactor Issue

SK2403121195 Seoul YONHAP in English 1206 GMT  
24 Mar 95

[FBIS Transcribed Text] Seoul, March 24 (YONHAP)—There has been and will be no change in the South Korean Government's stand that the light-water reactors to be built in North Korea should be the South Korean model under all circumstances.

"The speculation that there will be a new development in connection with a light-water reactors agreement is a mere speculation in every sense," a Foreign Ministry official said Friday.

He said his ministry has confirmed there is no difference in the position of South Korea and the United States over the reactor issue, the position that the reactors to be supplied to North Korea should be a South Korean model.

Stating his government has worked out strategies to cope with any demands North Korea may pose, the official said none of such strategies represents any change in the basic "South Korean model only" stand.

He said South Korea is supposed to take charge of all stages of reactors construction ranging from designing and construction and shoulder nearly all the financial burden stemming therefrom.

"If any circumstance comes in which such a role would have to be altered, we cannot accept it even if the United States asks us to compromise over the issue," he said.

The official went on to say that even if the target date, April 21, of a reactors agreement were not met, South Korea would not be the first to take steps to foment a crisis.

"However, there is no change in our policy to rigidly punish it in consultations with the United States if North Korea reactivates the experimental reactor in Yongbyon after the target date vainly went by," he said.

#### North Delegate: No Change on Reactors Issue

SK2403003895 Seoul YONHAP in English 0025 GMT  
24 Mar 95

[FBIS Transcribed Text] Berlin, March 23 (YONHAP)—The leader of the North Korean delegation to the light-water reactor experts' talks with the United States claimed Thursday [23 March] that the issue of adopting South Korean model nuclear reactors cannot even be an agendum.

Kim Chong-u, vice chairman of the External Economic Commission, made the claim in a press conference held at the airport upon arrival here, and said that progress in the negotiation depends on the attitude of the U.S. side.

Stressing that there is no change at all in the established North Korean position of rejecting light-water reactors coming from South Korea, Kim said the fate of implementing the Washington-Pyongyang nuclear agreed framework hinges on the coming experts' talks.

A light-water reactor supply contract "has to be finalized" by April 21, he said, indicating that North Korea regards the date as the deadline, not a target date.

In an unusually strongly-worded arrival statement, the North Korean delegation said, "Whether the negotiation this time makes progress or not depends on how the light-water reactor issue will be solved and this will be the key determining the fate of the North Korea-United States agreed framework."

North Korea regards the pending negotiation in Berlin "as a decisive moment to confirm whether or not the United States is actually interested in implementing the agreed framework," the statement added.

The two sides open formal talks Saturday after having a preliminary meeting Friday.

**Refers to 'Ghost' Reactors**

SK2303230195 Seoul KBS-1 Radio Network in Korean  
2200 GMT 23 Mar 95

[By correspondent Yi Myong-ku from Berlin]

[FBIS Translated Text] Talks between the United States and North Korea will be held in Berlin on 25 March to discuss providing North Korea with light-water reactors; however, it is expected they will have difficulties narrowing differences of opinion on the style of light-water reactor to be supplied to North Korea.

Kim Chong-u, head of the North Korean delegation that arrived in Berlin on 23 March, stated that the provision of ROK-style light-water reactors is out of the question [hangukhyong kyongsuronun nonuiui taesang chocha toelsu opta].

Kim Chong-u issued an arrival statement in an unprecedentedly strong tone. In the statement, he described the ROK-style light-water reactor as a ghost [yuryong], stressing: Progress in the forthcoming negotiations depends on how the issue of selecting a light-water reactor model is resolved.

The third round of talks between the United States and North Korea on the provision of light-water reactors, to be held in Berlin on 25 March, is attracting public attention particularly because it is going to be held in light of the deadline of 21 April for signing a treaty on the light-water reactor provision.

**More Sincerity Urged in Attitude Toward DPRK**

SK2403143395 Seoul HANGYORE SINMUN in Korean  
24 Mar 95 p 3

[Editorial: "A More Sincere Attitude is Urged Toward North-South Economic Cooperation"]

[FBIS Translated Text] It is difficult to comprehend the ROK Government's attitude toward North Korea. On 22 March, Na Ung-pae, deputy prime minister and minister of the National Unification Board, said that even though the principle of North-South economic cooperation was decided in November 1994, a number of aggressive measures will be taken to activate North-South economic cooperation, which is in a stalemate due to the light-water reactor issue. During a news briefing, he said the government will allow ROK businessmen to visit North Korea a second time, flexibly apply the \$5-million limit in investment in so-called "test projects," and simplify the procedure for the approval of business in North Korea by unifying the procedures for companies and business fields. He hinted that North-South economic cooperation may expand depending on the improvement of relations, and hoped that North-South joint ventures will come about in the first half of this year.

This is quite different from the cool attitude of the security authorities, who promised to investigate ROK companies that are suspected of providing bribes to North Korea.

However, on the same day, President Kim Yong-sam said during the Military Academy graduation ceremony that despite our sincere efforts to improve North-South relations, North Korea is still clinging to the confrontation policy of the Cold-War era. He then warned that if North Korea does not implement the nuclear accord and makes a mistimed choice, it will not be able to avoid reprisals by the world. Not considering the fact that the remarks were made during a commissioning ceremony for new commanding officers, the president's remarks were flawless in theory. However, the remarks of the deputy prime minister and the president will be conveyed to North Korea in different colors. We could understand this as a measure to separate politics from economics, or a measure to take hard and moderate tactics simultaneously, but the contradiction will surely make the other side doubt if economic cooperation will be activated.

Frankly, we cannot help but think that North and South Korean authorities are unable to define the core of dialogue and negotiations. When a charity group wanted to send 200,000 tonnes of rice to North Korea on a humanitarian basis, the ROK Government objected, saying the rice may be diverted for military provision; and when foreign news reported that the United States and North Korea signed an agreement to export U.S. corn to North Korea, the government changed its policy and said it would allow small-scale grain supplies to North Korea. While carrying out tenacious arguments on nuclear inspections and light-water reactors, the United States checked the North Korean telecommunication market and Coca-Cola is preparing to enter North Korea. South Korea is still postponing investment in Nampo industrial complex by Daewoo, which was approved as a company for North-South economic cooperation in 1991. Our concerns extend to North Korean authorities. The construction of light-water reactors is impossible without cooperation from South Korea, but North Korea is insisting on "the purchaser's rights," thus obstructing national interests.

**Structural Problems of DPRK Economy Analyzed**

SK2403122995 Seoul CHOSON ILBO in Korean 23  
Mar 95 pp 1-2

[First of a series of installments of 'testimony' by Cho Myong-chol, former professor of Kim Il-song University, edited by reporter Kim Hyon-ho: "The Party Ruined the Economy"—first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] Mr. Cho Myong-chol, 38, defected to the ROK in July 1994 while he was in China doing research as a professor of the Economics Department of Kim Il-song University. Immediately after his defection, he held a news conference and has concentrated on research work comparing the economies of North and South Korea. The following is his testimony on the North Korean economy as a leading North Korean economic expert:

The students of the Economics Department of Kim Il-song University participate in an on-the-spot study excursion before graduation, based on the Kim Il-song teaching that students should not only learn theories in school, but study the actual situation as well. However, on-the-spot study is not going well these days, for there are no plants that have properly operating machines. During the 1970's, when the plants were in brisk operation, students were buoyant. Students completing on-the-spot study felt strong confidence in socialism. The situation was not bad in 1980 when I went on an on-the-spot study excursion myself as a student of the Economics Department of Kim Il-song University. At that time, from 70 to 80 percent of the plants were in operation.

When I visited a plant with the students in 1991 as a professor of the Economics Department, however, the situation was horrible. We went to the Nampo Glassware Plant, the largest glassware producer in North Korea. The manager of the plant happened to be the father of a student of Kim Il-song University so he was kind enough to let me closely examine the inside of the plant. Production of drinking glasses seemed to be managing to operate.

The glasses being produced, however, were all No. 8 and No. 9 products (the products for Kim Il-song and Kim Chong-il). Glass bottles were being produced, but they were all medicine bottles for Ponghwa Hospital (the hospital for high-level North Korean cadres of cabinet minister level or above).

In the important dish section, only one of the 20 furnaces was operating. I was aghast that workers were breaking the dishes they had just produced to put them in the furnace. They explained that they could not turn off the furnace. Once the furnace is turned off, it takes enormous effort to turn it on. That was why they were repeating the funny operation of putting the broken dishes into the furnace.

Sand and sodium carbonate are needed to produce glass. They had sand, but they could not receive the proper supply of sodium carbonate. This was the cause of the funny scene. Despite this, glass balls for chandeliers for luxurious buildings were being produced as scheduled. The on-the-spot study excursion covered the Yongsong Machinery Complex General Bureau in Hamhung, Hungnam fertilizer complex, 8 February Vinalon Complex, Hamhung Wool Spinning Plant, and Hungnam Smeltery in the eastern region; and Nampo Glassware Plant, Kangson Steel Works, Kumsong Tractor Plant, 13 April Iron Works, and Taean Heavy Machinery Complex in the western region. There is only one plant in the northern region included in the excursion, namely, Kim Chaek Iron and Steel Works. All of them are the leading enterprises of North Korea.

Nampo Smeltery is about the only place where the production facilities were operating. The smeltery produces gold, silver, copper, and zinc. The state intensively

supervises its production because 70 to 80 percent of its products are exported. However, the plant has pushed ahead with computerization of production and management for 12 years with little success. Only the accounting department has a computer network. The plant manager said: "We thought we could computerize office management with computer and mathematics knowledge, but we find it impossible without knowing the economic aspects." However, the plant's problem did not lie in the area of computerization. Plant facilities are 30 years old and worn out, and the metal content of the mineral ore has deteriorated, resulting in coarse products. The working conditions are horrible.

This being the situation of the enterprises, it was impossible to satisfactorily conduct the students' on-the-spot study excursions. All the North Korean colleges sent their students on on-the-spot study excursions in the past, but enterprises now refuse to accept the excursions. Since most parents of the Kim Il-song University students are senior party and government officials, the university can barely manage to send the students on the excursions. What caused the North Korean economy to become like this? When I thought of this, I felt heavy hearted when I was in North Korea, and I still feel that way in the South as well.

As a person who majored in economics and taught economics in the best university in North Korea, I have a guilty conscience. I could not express my feelings openly in the North. The only thing professors could do was give each other a telepathic sigh. The students were also aware of the miserable situation. Upon completion of on-the-spot study excursions, students are depressed. Some of them openly and angrily complain, saying: "It is different from what we learned in school." As a professor, I had to struggle hard to find an excuse for the situation, saying: "The supply of raw materials is not handled properly. Plant management itself is not to blame." The subject I taught in university was business management, not the raw materials problem. Then the students would ask: "Is there a problem with the self-reliant economy?" Then I had to answer the question from a noneconomic point of view: "Without a self-reliant economy, how can we sustain ourselves if foreign countries impose an economic blockade on us?" Both the professor and the students are well aware that the debate cannot continue any longer. If one criticizes the self-reliant economy, one's ideological consciousness is questioned.

As North Korea suffers from economic difficulties and a shortage of foreign currency, North Korean economists implicitly exchange remarks that South Korean President Pak Chong-hui did well for the economy. When President Pak Chong-hui borrowed money from foreign countries and pushed ahead with economic development in the sixties and seventies, North Korean economists were really worried that he might sell out the country and the nation. However, many now say: "Pak Chong-hui did well," and regret that North Korea failed to introduce economic openness then. However, the North

Korean economy is so bad that one is at a loss as to where to begin healing it. Without bold reform, recovery is impossible. Kim Chong-il himself also acknowledged the situation in 1992 and said: "We do not have to reform, we have to remake."

The only way for the North Korean economy to survive is for Kim Chong-il to implement economic reform. He has been trained to become a successor for some 30 years, but never took responsibility for the economy. Perhaps he was aware that the economy is the most difficult problem to deal with. He graduated from the Economics Department of Kim Il-song University. He has to concentrate his best efforts on economic recovery now and bet his, as well as North Korea's, destiny on it. To do it, Kim Chong-il himself should become the North Korean premier to grasp the seriousness of the problem of the North Korean economy to find a new way out. Otherwise, he should step down from power.

#### **Yi Hong-ku: Absence of North President 'Abnormal'**

SK2403022895 Seoul YONHAP in English 0224 GMT  
24 Mar 95

[FBIS Transcribed Text] Seoul, March 24 (YONHAP)—Prime Minister Yi Hong-ku said Friday [24 March] that it is abnormal for North Korea not to have had a state president for the past four months.

Answering questions from attendants of a breakfast meeting hosted by the Newspapers Editors' Association, he said that it is normal for North Korea to have a lot of problems after its supreme leader, who governed the country for 50 years, suddenly died.

"But surely it is abnormal that North Korea did not have its president for the past four months," Yi said.

Since inter-Korean relations are influenced mainly by North Korea's decision, the South Korean Government hopes that North Korea will make a wise decision. "We are also making efforts to create a situation where it is possible for Pyongyang to make a wise decision."

The future inter-Korean relations as well as North Korea-U.S. relations depend upon how soon the North Korean system will be normalized, rather than upon any international situation, Yi said.

Commenting on statements by former opposition leader Kim Tae-chung, the prime minister said that he agrees with Kim's remarks that South and North Korea should return to the spirit of the South-North Basic Agreement.

"But I cannot agree with his opinion that the government did not deal very well with the issue of offering condolences over the death of Kim Il-song. It is my position as well as the government position that his remarks are not helpful to improvement of the inter-Korean relations."

On the North Korea-U.S. and North Korea-Japan relations, Yi said that he does not oppose the improvement in itself.

"But if they improve their relations earlier than we think, we cannot help but worry about that. If Washington and Tokyo move hastily when North Korea has to make an important decision, it is not helping North Korea make a wise decision. It can mislead North Korea."

#### **U.S. Congressional Resolution on DPRK Viewed**

SK2403090895 Seoul TONG-A ILBO in Korean 24 Mar 95 p 3

[Editorial: "The U.S. Congressional Resolution Against North Korea"]

[FBIS Translated Text] The U.S. view of North Korea has recently shown some changes. Such changes in the U.S. attitude toward North Korea have occurred since the Republican Party won the majority in the U.S. Congress. On 22 March, the U.S. Senate Foreign Relations Committee adopted a resolution against North Korea. We believe this resolution was adopted to show U.S. moves to change its North Korean policy.

Even before the U.S. Senate Committee adopted the resolution, the U.S. Administration had already taken measures to change its policy toward North Korea. One of these measures is the "East Asian Strategy Initiative," newly prepared by the U.S. Defense Department. This report is based on the reality that uncertain factors that may create tension have increased in Northeast Asia due to the power unbalance caused by the collapse of the former Soviet Union. Also, this originates from the U.S. Administration being strongly alert to China and North Korea, which are constantly reinforcing their armaments despite the end of the Cold War.

Therefore, the United States has set its basic direction on strengthening the U.S.-Japanese security system and on eliminating the factors that cause instability in Northeast Asia based on its strategy to maintain the status quo of U.S. troops stationed in the ROK and Japan. The resolution against North Korea adopted by the U.S. Senate Foreign Relations Committee stressed that practical North-South dialogue is indispensable for the implementation of the U.S.-North Korean agreement; and that to ease tensions on the Korean peninsula, it is important to hold North-South summit talks, to conduct mutual inspections of nuclear facilities in North and South Korea, and to establish mutual liaison offices in North and South Korea. As North-South dialogue has not been resumed, the resolution by the U.S. Senate Foreign Relations Committee can be regarded as a practical plan.

The U.S. Congress and the U.S. Administration changed its views of North Korea because North Korea is continuously making absurd remarks to break the Geneva U.S.-North Korean agreement, instead of making efforts

to implement it. If this resolution is adopted by the U.S. House of Representatives, the resolution will, in fact, have binding force by the U.S. Administration. We believe this resolution is an appropriate warning against North Korea during the period in which the Geneva agreement is not being carried out properly. Also, we believe that to make this resolution positively affect North-South relations, it should be effectively linked to the following points:

First, the contents of the U.S. Congressional resolution should be practically reflected in the U.S. Administration's North Korean policy. North Korea has continued to maintain stubbornly that North-South dialogue is not a factor in carrying out the Geneva agreement. Second, we believe it is desirable for the United States to carry out its trade with North Korea in step with progress in U.S.-North Korean relations, as well as North-South dialogue. According to reports, several tens of thousands tonnes of grain were shipped from the United States to North Korea last week. In addition, the United States has shown interest in importing minerals from North Korea, including magnesia.

This is reality in which the issue of implementing the Geneva agreement is entangled due to the provision of the light-water reactors to North Korea. We hope that the resolution, which the U.S. Senate adopted after assessing the situation on the Korean peninsula and the political and security situation in East Asia, will positively affect the improvement of North-South relations, as well as the relaxation of tensions on the Korean peninsula.

#### Korea Telecom Threatening Lawsuit Against U.S.

SK2403004795 Seoul *THE KOREA HERALD* in English 24 Mar 95 pp 8, 10

[FBIS Transcribed Text] Domestic telecom equipment makers have vowed to take a legal action against the U.S. government and AT&T, should the Seoul government agree to exempt the U.S. telecom giant from Korea Telecom's type approval testing.

A high-ranking official at the Telecommunications Industry Association (TIK) said yesterday that domestic telephone switching system makers will take every possible action to prevent an "irregular" inroad by AT&T into the South Korean switch market.

"TIK member companies are ready to file a lawsuit with South Korean legal authorities, if AT&T should be allowed to enter in an illegal manner," said Kim Chong-nam, executive director of TIK.

"We will also appeal to the world's opinion. Trade sanction is inappropriate under the WTO [World Trade Organization] era," Kim said.

TIK is a group formed by Korea's four switching system producers—Daewoo Telecom, LG Information & Telecom, Samsung Electronics and Hanwha Telecom.

TIK's stern warning came as a South Korean Government delegation, in Washington D.C. for talks on the AT&T problem, has reportedly given in to a demand by the United States trade representative (USTR) that Seoul grant a special favor to AT&T in a Korea Telecom (KT) bidding.

The delegation, comprising officials from Korea's Ministry of Information and Communications (MIC) and KKT, held two rounds of talks with USTR officials Tuesday and yesterday.

But the official results on the bilateral talks were not available as of late last night.

The U.S.-Korean trade dispute over AT&T's new switching system, 5-ESS2000 [as received], has sharply intensified lately.

TIK member companies and AT&T are currently competing fiercely to sell their switching systems to KT.

Under the KT regulations, newly developed telecom equipment is required to undergo at least one year of type approval testing before being installed into the nation's backbone telecom networks.

As AT&T faces the possibility of being dropped out of the KT bidding, the U.S. company has mobilized all possible political and diplomatic channels to sell the 5ESS-2000 system to Korea.

AT&T insists that the 5ESS-2000 is slightly modified from its 5ESS model and does not require new certification, while officials at KT, MIC and TIK have already determined that the 5ESS-200 is a wholly new switching system.

TIK's Kim strongly asked USTR and AT&T to abide by the 1992 Washington-Seoul ROU (record of understanding), which stipulates a one-year type certification period on new telecom equipment from both countries.

According to sources at MIC and KT, the South Korean delegation has agreed to allow AT&T to join the KT bidding, scheduled to take place in June or July, by simplifying KT's bidding process for AT&T.

In return, USTR is said to have retracted its threat that sanctions would be imposed against Korea, unless the AT&T problem is solved by the end of March.

Kim didn't deny that the high-performance, low-priced 5ESS-2000 system, if introduced here, would deal a fatal blow to the domestic switch makers.

#### 'Most Controversial' U.S. Trade Issues Solved

SK2403085195 Seoul *YONHAP* in English 0701 GMT 24 Mar 95

[FBIS Transcribed Text] Seoul, March 24 (YONHAP)—Trade friction between South Korea and the United States in the telecommunications field is expected to be

settled soon, as the two countries agreed on most controversial issues at their recent talks, the Information and Communications Ministry said Friday.

The two nations agreed that if the new exchange model of American Telephone and Telegraph Co. (AT&T)'s "5ESS-2000" passes the functional test provided as part of the certification process of Korea Telecom, South Korea will allow the model to participate in the bids called for by the state-run company.

At their telecommunications consultation held from Tuesday through Thursday in Washington, they decided to consider the exchange model as a "new generation exchange," which means that it should be subject to the entire certification process before the bid.

But, considering the deadline for the bid is about nine months away, South Korea will allow the model to participate in the bids if it passes a primary functional test, under the condition that the model should complete all of the remaining tests after the bidding.

AT&T had insisted that the model is not a new generation model but only an improved one of the current model, asking South Korea to shorten the certification process or postpone the bidding.

On another subject, South Korea agreed to study to exempt the "channel link" model, a kind of local area network equipment, made by U.S. Computer Network Technology Corp., from "type approval" of Korea if it is confirmed that the model is not subject to "type approval" of the U.S. Federal Communications Commission.

In addition, Korea Telecom will exclude "shrinkable tubes," made by U.S. Raychem Corp., from the objects to be subjected to the certification process, allowing Raychem to participate in the equipment supply for Korea Telecom as a direct supplier.

Meanwhile, Washington asked Seoul to exempt more than 10 items from the list of those which must go through the certification process, but Seoul said that it was impossible. South Korea suggested that they should deal with the issue at an additional consultation in April.

The United States is likely to withdraw its plan to designate South Korea as a priority foreign country by the end of this month, an official at the ministry said.

**Analysts Assess Dollar Depreciation Against Won**  
SK2403093095 Seoul YONHAP in English 0713 GMT  
24 Mar 95

[News analysis by Kim Myong-chol, entitled: "Weakened Confidence Responsible for Dollar Plunge in Seoul"]

[FBIS Transcribed Text] Seoul, March 24 (YONHAP)—How low will the U.S. dollar fall against the Korean won and why?

In March, the dollar fell almost every day on the local market, hitting a record low of 766.50 won Thursday for the past three years and one month.

Analysts attribute the U.S. currency's steep depreciation to market players' weakening confidence in the dollar, rather than to the supply-demand mechanism of the market.

When it comes to the dollar's market mechanism, the dollar should rise against the won. The country's balance of current accounts has been in the red, recording a deficit of 740 million dollars in January, and the local bourse has been drained of 600 million dollars in foreigners' investment funds since January. In other words, the supply of dollars has been on the decrease.

On the other hand, importers' demand for dollars increases toward the end of March, as settlement of import bills converges at the end of the first quarter of a year.

So, according to market mechanism, the dollar must appreciate against the won, but the situation is just the opposite.

The nation's export bills are intensively settled at the end of each month, increasing the dollar supply to the local market to lower its conversion value vis-a-vis the won.

But this does not suffice to explain the on-going downhill of the dollar because it started at the beginning, not toward the end, of March.

So, analysts theorize that foreign exchange dealers' weakened confidence in the dollar, or their expectation of a further depreciation of the dollar, is the villain of the dollar's plunge against the won.

In fact, market players expect the dollar will continue falling in major world markets and that the resulting appreciation of the Japanese yen will increase Korean exports for increased inflows of dollar funds to the country.

The central bank indirectly helps the dollar go downhill, as it does not intervene in the local foreign exchange market. Fearing a possible runaway inflation which may entail export increases due to the strong yen, the Bank of Korea has not tried to buy dollars on the local market, letting the won appreciate against the dollar, in a bid to indirectly check a sharp export increase.

This being the situation, traders and financial institutions playing in the foreign exchange market are selling dollars for won funds.

Prospects of the won-dollar exchange rate are mixed. Bank of Korea Research Economist Kim Yong-nin views that the dollar will fall further in the latter half of the year because the nation's current-account deficit will shrink on the strength of an exports boost and the increased foreign stock investment limits will increase the inflow

of dollar funds to the local bourse. But the situation will be different if the dollar rebounds in major world markets, he adds.

**Son Chang-sop**, Korea Exchange Bank's foreign exchange fund manager, predicts the dollar's fall against the won will go on insofar as the U.S. currency's value against the Japanese yen does not fall below 95 yen per dollar.

"It is likely that the dollar will fall to 740 won by the end of the year," he says.

But Research Economist Pak U-kyu has a different view. He says, "the dollar has fallen 10 percent against the Japanese yen over the past three months, and I think the dollar has now hit the bottom of the local market. Unless there are additional falls of the dollar on major world markets, there will be no further fall of the dollar on the local market."

#### Accord Signed on Korea Industrial Park in Russia

SK2403005095 Seoul *THE KOREA TIMES* in English  
24 Mar 95 p 1

[FBIS Transcribed Text] Korea's first industrial park in Russia for exclusive use by Korean manufacturing companies and joint ventures of the two countries will be built in the Nakhodka free economic zone in Russian Far Eastern, assuring Korea's business foothold in the vast Russian market in the 2000s.

The Nakhodka complex will be Korea's second overseas industrial park for its exclusive use, following the one in Tianjin, China. Korea is considering opening two more respectively in Shenyang, China and Hanoi, Vietnam.

In a ceremony yesterday at the special economic area, Yi Kyo-kye, president of the Korea Land Development Corporation, and S.A. Dudnik, representative of the Administrative Committee of Nakhodka Free Economic Zone signed an agreement to that effect.

Under the agreement, the Korean government-run land developer will lease 1 million pyong (about 800 acres) of land in Nakhodka for about 10 dollars per pyong for the duration of 50 years and develop it to accommodate the manufacturing facilities of Korean companies. Lots will be provided at low costs with a view to attracting as many companies as possible, the corporation said.

Russia will chart out plans to provide water and electricity for production facilities inside the park to ensure unfettered and smooth business operation of tenant companies. Legal incentives such as long tax holidays are under consideration.

The corporation is aimed in particular at attracting production facilities for electronic goods, textiles, furniture and other light industry products in consideration of Russia's growing need for such goods.

The Nakhodka free economic zone is emerging to be Russia's industrial base in the region as it is located near the regional economic powerhouses of Korea and Japan.

Korea picked Nakhodka as the site of its overseas industrial complex out of five candidates through a close survey conducted since 1992. The trans-Siberian railroad passes it and a port is located near by with a plan to open an airport in the near future.

Russia had positively invited the Korean industrial park there in hopes of gaining access to high technology of Korean companies and increasing employment in the area.

The invitation of companies hoping to set up manufacturing facilities in the Russian territory will be conducted sometime in August and September with functions to be held to explain benefits and procedural matters for prospective tenant companies.

#### UN Official on New Direction of UN Development

SK2403022395 Seoul *YONHAP* in English 0205 GMT  
24 Mar 95

[FBIS Transcribed Text] United Nations, March 23 (YONHAP)—The United Nations will critically review its past and seek a world consensus on a future course of action in October which marks the 50th anniversary of its establishment, a senior UN official said Thursday [23 March].

In an interview with YONHAP at his office on the 31st floor of the UN Building in New York city, Samuel Koo, who is in charge of events for the 50th anniversary, said that the world body would focus on making its *raison d'être* for world peace known to all peoples of the world, especially to young people, for their support.

When asked about South Korea's move to become a non-permanent member of the UN Security Council, the highest-ever Korean official in the United Nations stressed that it should take part in the top UN policy-making forum to exert influence on world politics.

If South Korea becomes a two-year non-permanent member of the council next year, it can vote in the next secretary-general election in the council because the term of the incumbent secretary-general, Butrus Butrus-Ghali, expires at the end of next year, Koo remarked.

South Korea should do its best to obtain a seat in the UN Security Council, he stressed.

He said leaders of 79 countries, including South Korean President Kim Yong-sam, had already committed themselves to attend the 50th anniversary UN General Assembly session slated for Oct. 22-24 in New York, adding nearly all UN member nations would send their leaders to the meeting.

As for North Korea's participation in the meeting, Koo said there had not yet been any response from Pyongyang. But he expected either Kim Chong-il or Premier Kang Song-san would show up.

If Kim Chong-il formally takes office as North Korea's president by then, he would participate in the largest-ever meeting of world leaders to demonstrate his leadership in the communist country, he observed.

During the 50th anniversary programs, U.S. President Bill Clinton will host a dinner for about 1,200 world leaders, including foreign ministers, UN ambassadors and their spouses, at New York's World Trade Center, Koo said.

Asked about Japan's bid to become a permanent member of the UN Security Council, he said it would take time for Japan to achieve this goal because the theory that rich countries deserve special treatment is not accepted in the United Nations.

Koo welcomed President Kim Yong-sam's globalization policy in that it would at least bring about change in the people's way of thinking.

### Kim Chol-su Views WTO Deputy Director Role

SK2403060495 Seoul YONHAP in English 0548 GMT  
24 Mar 95

[FBIS Transcribed Text] Seoul, March 24 (YONHAP)—Trade Ambassador Kim Chol-su said Friday [24 March] that there was an international understanding that he would be given "due treatment" as a former candidate for WTO [World Trade Organization] director general, although he accepted the post of deputy director general in return for withdrawing his candidacy.

Kim, however, would not confirm whether the "due treatment" means the position of senior deputy director general, just saying, "I will consult closely with Director General Renato Ruggiero at an opportune time on the division of work among the four deputy director generals."

Giving a news conference at the Foreign Ministry to wind up his nine-month-long campaign for WTO chief, Kim added that he understood that the division of work will be a functional rather than a hierarchical one.

Expressing satisfaction with the result of the nine-month campaign, he claimed that he decided to accept the post of deputy director general for a smooth launch of the world's major economic body which has been hampered by the deadlock over the selection of its first director general.

He expressed thanks to the peoples of the country and Asian, African and South American countries which backed him during the campaign period, adding he would do his utmost to keep his word on bridging the gap between advanced and developing countries in a variety of issues in the international trade arena.

Dismissing reports that he betrayed his supporters by accepting deputy director general's position through behind-the-scenes negotiations, Kim said, "As far as I know, there is no country which expressed deep regret over the decision and the Ministry of Foreign Affairs had closely contacted the countries which supported me while conducting negotiations over the issue with the United States and the European Union."

He stressed the importance of the role of a deputy director general, saying the position in the WTO will bear more significance than those of its precedent General Agreement on Tariffs and Trade (GATT), in consideration of the role and size of the new world trade body.

He was reacting to critical press comments claiming it to be inappropriate for him, as a candidate for WTO chief and also as a former trade minister of a country, to take up the post of deputy director general, currently assumed by vice-ministerial-level officials of Mexico, the United States and India.

Kim said that the three incumbent deputy director generals are continuing their jobs as deputy director generals of the GATT and he is, in fact, the first deputy director general of the newly launched WTO, hoping that the role and size of the seat in the WTO will be expanded greatly.

He also hoped that by becoming a WTO deputy director general, the highest job to be taken by a South Korean national in international organizations, he would clear a path and encourage his fellow countrymen to join international bodies actively as a way of promoting the country's globalization strategy.

He dismissed reports that the United States had decided not to back Kim because of his protectionist inclination, saying "I think the United States decided to back Ruggiero as they feared a possible prolonged deadlock if it supported Kim."

"Ruggiero had far more votes than me and that clearly affected the United States," said Kim. "I have dealt with multilateral and bilateral trade relations with the United States for the past 20 years and I don't think U.S. Government officials consider me a protectionist. Just one U.S. newspaper recently used the term for me."

During the past nine months since he announced his candidacy for WTO chief in June last year, he traveled overseas on nine separate occasions to promote his cause and gave over 100 press interviews.

"It was difficult for me to persuade leaders of many countries, as they pointed out that South Korea has to open its market more wider to foreign countries if it wants to put up a candidate for the WTO which pursues a freer market system," said Kim.

He, however, said that he felt satisfied that he could correct the country's image as an advocate of protectionism and improve the nation's identity while traveling overseas for campaigning.

He said that he talked to Japanese Foreign Minister Yohei Kono Thursday over the telephone and Kono congratulated him on his acceptance of the deputy director general's post.

Kim is expected to leave for Geneva in late April or early May to take up the post officially.

### Prime Minister Views 'Future-Oriented Reforms'

SK2403014695 Seoul YONHAP in English 0130 GMT  
24 Mar 95

[FBIS Transcribed Text] Seoul, March 24 (YONHAP)—Prime Minister Yi Hong-ku said Friday [24 March] that the government will push for future-oriented reforms to lead the society into an information age.

Speaking to a breakfast meeting hosted by the newspaper editors' association, Yi said, "So far, the government has put emphasis on such institutional reforms as anti-corruption drives and the introduction of the real-name financial transaction system.

"But from now on, the government will push ahead with future-oriented reforms by globalizing the whole fields of state administration in a way that conforms to a trend towards an information-intensive society."

He said that preparing the country for the information era is the most important strategy for the globalization of the country.

The government will persistently reform itself with a view to becoming capable of leading the private sector's orientation towards an information age, he said.

### \* Development of Regional Economies Planned

952C00804 Seoul SILMUL KYONGJE in Korean 1  
Feb 95 pp 15- 25

[By researchers No Song-ho, Chin Il-hyon, and Pak Chae-kon: "Advent of the Age of Local Economies"—SILMUL KYONGJE is published by the Korea Institute for Industrial Economics and Trade (KIET)]

[FBIS Translated Text] Our economy is confronted with new challenges and opportunities. In consequence of the inauguration of the World Trade Organization (WTO), we have to be prepared for unlimited global competition. At the same time, we also need to get ready for the advent of interregional competition for development at home, with the full-fledged introduction of the local autonomy system at home as a momentum.

In the local government elections slated for this coming 27 June, the voters will elect the heads of their local governments by direct vote for the first time in 35 years, paving the way for matured democracy in politics, the decentralization of powers in government, and an autonomous development of local economies in economics at the same time.

In the past 30 years or more the economy has operated under the strategy aimed at developing strategic growth industries from the point of view of effective utilization of limited resources, with the central government taking the initiative in the implementation of economic policies from the point of view of increasing efficiency.

This strategy, with emphasis on capturing growth strongholds, may be positively acknowledged as having greatly contributed to economic growth in the past. However, one can hardly deny the fact that this same strategy has given rise to various economic and social problems—such as the overpopulated capital zone, the underpopulated countryside, the regional gap in development and income, and regional differences in industrial and service facilities—and this in turn has triggered regionalism.

At the threshold of the age of localization, this is the time to make a comprehensive and cool-headed assessment of issues such as: the significance of local economies in future economic development, the outstanding problems facing local economies, and the policy tasks that need to be tackled in the future.

### Local Economies, Dynamo for Economic Development

An even development of local economies will serve as a new driving force for a sustained development of the national economy.

In the course of economic development with emphasis on growth strongholds in the past, all areas—except the capital zone, major metropolises, and some industrial areas—lagged behind in production, employment, income, and standards of living.

Major urban areas, including the capital zone, are already experiencing various ill effects from overpopulation, troubles such as traffic congestion, a housing shortage, pollution, and a water shortage. The social burden for solving these problems is becoming an obstacle to a sustained growth of our economy.

Therefore, planned development of local economies with the election of the heads of local governments as a momentum will enable a maximum utilization of the nation's manpower and material resources and thus provide a new thrust for the development of our national economy.

Given the current stage of economic development in our country, when local people take the initiative and concentrate on autonomous development of their local economies with determination, their efforts will be more effective than when the central government takes the lead in the development of the economy.

True, when the scale of our economy was small, and available resources were very limited, the execution of economic and industrial development strategies at the initiative of the central government proved effective in some aspects. But under the circumstances, when our

economic scale has grown and the external conditions are rapidly changing, a shift from government initiatives to private initiatives, and from centralization to decentralization, may be viewed as a logical necessity as the country needs to rationalize economic policy and meet the changing conditions of the times.

When local residents themselves begin to plan and carry out the development of local economies on their own initiative in the age of localization, they can set more realistic goals for local economic development than when they had to passively accept whatever goals the central government set, and they can set a more distinct order of priority for their goals. What is more, they will become keener about participating in the tasks they want, and can be motivated to give full play to their capabilities and achieve better results in local development.

Furthermore, the development of local economies can be conducive to improved efficiency through a comprehensive utilization of our land resources. In the course of development of our national economy, the utilization of land has been concentrated on the Seoul-Pusan axis, with land utilization in the rest of the areas limited very much. Recently, the so-called L-shaped and U-shaped development plans have been presented, but little has been done about them.

The concentrated usage of land resources in the capital zone and the southeastern region has touched off real estate speculation, a possible cause of national ruin, by boosting land prices. In the age of localization, efforts will be made to develop underpopulated localities and promote the development of local economies. Therefore, the development of underpopulated areas can be a major policy tool for curbing the overpopulation of the capital zone, a task that has been ineffectual so far. In addition, in the long run, land prices will be stabilized through a balance between the demand and supply of land, and this will be conducive to boosting the competitiveness of our industries and stabilizing the people's livelihood.

#### Local Development, New Tool for Industrial Policy

Measures for the development of regional economies can be an effective tool of industrial policy in the age of the WTO. As is widely known, under the WTO regime, a central government's direct or indirect industrial development policy and supportive measures, including the payment of subsidies, are subject to clear limitations. Nevertheless, subsidies for regional development, as well as for technology and manpower development, are permissible. Behind the WTO's position that allows government subsidies for regional development, while strictly restricting direct government assistance to industries, there is the fact that advanced countries, such as European countries and Japan, recognize the need to promote a balanced development of different regions and increase employment and income in backward areas.

As shown by the development of Northern Ireland in the United Kingdom, the development of Lorraine in

France, and the development of the "technopolises" in Japan, the central governments of major advanced countries behind the WTO regime tend to step up various supportive measures, such as subsidies for employment and factory sites, to lure enterprises into certain localities, with a view to increasing local employment and income at the initiative of local governments.

In view of this policy trend of advanced countries, it is necessary to regard the localization of our industrial policy as an urgent policy task.

For example, the local governments in those areas which meet the WTO criteria for permitting government subsidies for local development will be able to take the initiative to develop their local economies more actively and step up measures to support local industries—measures such as providing subsidies to attract outside enterprises and to encourage the opening of new businesses. The WTO permits subsidies to business in localities where the per capita income is less than 85 percent below the national average, or an unemployment rate is higher than 10 percent of the national average.

#### Accurate Knowledge of Local Economies Needed

Despite the hope that local autonomy can remove the regional economic imbalance and serve as a new thrust for the development of the national economy, our local economies have many problems that are not amenable to short-term solution.

First, the regional gap in economic strength is very wide. The capital zone accounts for 46 percent, or nearly one-half, of the gross regional product (GRP). In terms of the per capital GRP, the gap is wide between the capital zone and the southeastern region on one side and the rest of the regions in the country on the other.

Second, the wide regional gap in manufacturing and services such as banking renders it difficult to develop the local economies in the backward areas through an upgrading of the industrial structure. In the case of the manufacturing industry, 56 percent of factories are concentrated in the capital zone and 29 percent in the southeastern region. In all other areas the percentage of primary industries to all industries is high, with the development of the manufacturing and supportive service industries trailing far behind.

Third, the regional gap in the manpower and material infrastructures remains uncorrected. With 56 percent of the total population concentrated in the capital zone, the phenomena of population concentration and deconcentration are reaching serious proportions. The gap is growing wider between the capital zone and other regions, between industrially developed areas and backward areas, not only in highways, railways, ports, and other industrial facilities but also in housing, medical, and other service and educational facilities.

Fourth, local economies have been reduced to so-called "agent economies" dependent on the capital zone. Most

of those firms that moved into local areas have their headquarters in Seoul; and even local enterprises in the distribution sector are satisfied with their status as agents of leading manufacturers. As a result, a large portion of regional income flows into the capital zone, and even deposits collected by local banks also flow into the capital zone as localities are financially dependent on the capital city.

In view of this state of affairs in local economies, the essential tasks ahead for localization should be focused on easing and eliminating problems facing local economies, not resting on our laurels gained in the democratization of politics and government and not stopping at just shouting slogans for local development.

#### Weak Fiscal Position of Local Governments

Success in local autonomy depends on self-dependent local finances. To be able to draw their own regional development plans and implement them, localities need to raise the necessary funds by themselves.

But the financial position of our local governments which are on the threshold of local autonomy, is very weak on the whole. This weak financial position may be attributed to two reasons. First, the per capita income and tax revenue are small due to the weak economic strength of local economies, resulting in a small scale of revenues of local governments. The second reason involves a structural cause, namely, the difficulty of increasing tax revenues because 60 to 70 percent of local tax revenues come from property taxes.

When it comes to the rates of fiscal self-sufficiency of local governments, the rates are high in big cities—Seoul (86 percent), Taegu (77 percent), Inchon (75 percent), and Pusan (73 percent), but relatively low in these areas: South Cholla Province (29 percent), North Cholla Province (34 percent), South Chungchong Province (36 percent), Kangwon Province (38 percent), and North Kyongsang Province (36 percent). Even in the same province, the fiscal gap between cities and counties is wide. In the case of Kyonggi Province, 15 of the 36 cities and counties have a fiscal self-sufficiency rate lower than 50 percent; and in South Cholla Province, Yochon City is 85 percent fiscally self-sufficient whereas the fiscal self-sufficiency rate of Sinan County is as low as 9.7 percent.

Of the 260 base-level local governments, as many as 160 cannot meet their personnel expenses with local taxes, and 77 cannot meet their personnel expenses with local tax and nontax revenues. This is the current state of the fiscal strength of our local governments.

#### Redistribution of Powers, Functions

We have just examined what the age of local economies will mean for the development of our economy, as well as overall problems involving local economies such as the weak local economic and fiscal strength.

We will now delve into the economic tasks that need to be tackled in the future and ways for solving the problems by taking advantage of positive factors, as well as the actual limitations of the age of local economies.

A priority task is to readjust functions, institutions, and powers between the central and local governments as soon as possible to suit the age of local economies. Much of the functions and powers concentrated in the hands of the central government for the past 30 years should be boldly transferred to local governments. In making this transfer, the central government should throw overboard its misgivings about the self-rule capability of local governments and actively push for the transfer of its powers from a farsighted perspective, even if it has to go through trials and errors in the process to some extent.

For instance, such functions as regional development, land utilization, transportation, and welfare, which require the on-site local senses and initiatives, should be transferred to local governments as soon as possible.

Some people oppose such transfer. They ask, What would happen to the land of the country on the whole if the power over land utilization is transferred to local governments? But it is correct to assume that even when the land utilization power is transferred to local governments, there will be no reckless land development in view of the conscientiousness of local residents and the sense of responsibility on the part of the local bureaucrat. The central government can, if necessary, supplement the transfer of the land utilization power with such "negative" measures as setting the standards for land management, stipulating the content of the transferred land utilization power, and checking the observance of these standards and stipulations. Various administrative functions and powers relating to business activities, such as setting up new businesses, production, and trade, should be transferred to local governments as soon as possible. What localities want to do first in the age of local economies is to develop local industries and lure enterprises from the outside.

In this connection, it is desirable to widen the latitude of autonomy in the exercise of the functions and powers relating to industrial development and attracting outside enterprises to allow local governments to provide administrative services at their initiatives within the bounds of international law and norms.

#### Joint Efforts To Boost Local Finances

Earlier we pointed out that improving the weak fiscal position of local governments holds the key to local autonomy. What are the ways to expand the finances of local governments? There is no easy answer to this question. We cannot overlook the fact that the fiscal structure of local governments is rigid in itself and that the state will need fiscal funding to finance large-scale social overhead capital investments in the future. With a lot of administrative functions expected to be transferred to local governments, it is obvious that the

finances of local governments ought to be expanded despite the increasing needs of national government.

Ways to increase local finances may be explored in principle as follows:

First, efforts should be made to enable local governments to tap their own tax revenue sources in a manner suited to local peculiarities and to fix local tax rates flexibly. Local governments can develop tax revenue sources suited to local conditions, such as a tourism tax, a resources tax, and a pollution tax. It is also necessary to revise the local tax law in order to set flexible rates on the resident tax and the automobile tax.

Second, as a more positive means for boosting the finances of local government, it is necessary to seriously consider the possibility of introducing the conception of revenue sharing so that part of some national taxes, such as the income, business, and value-added taxes, may be apportioned to local governments.

Third, it is desirable to set a more realistic standard of land assessment in order to increase intakes from the property tax, the main source of local tax revenues.

Fourth, it is also desirable to introduce the efficiency criteria in the system of adjusting the finances of local governments through fiscal grants and subsidies, so that the system may be pegged to the self-help efforts of local governments, such as increases in their tax revenues. Nevertheless the system should be improved in a rational manner, in respect to the harmonious idea of equity that cries for closing the gap in fiscal strength among local governments.

Fifth, local governments need to make self-help efforts to increase their fiscal strength. They should make diverse efforts to boost their nontax revenues in addition to tax revenues.

To this end, efforts should be made to lure outside businesses, provide support for enterprises, and assist them as a basic direction for boosting the economic strength of local areas.

However, all these measures are based on the premise that local governments will show a good sense of responsibility by, for instance, conducting thoroughgoing advanced feasibility studies before launching into revenue-boosting projects such as land development and public enterprises, and by properly managing the fulfillment of their obligations to redeem their bonds. It should be borne in mind that in foreign countries there are many bankruptcy cases involving local governments.

#### Industrial Development, Key to Localization

As pointed out earlier, boosting the finances of local governments is an urgent requirement in ensuring substantive local autonomy. Industrial development holds the key to the revitalization of local economies in the long run because boosting the finances of local governments are ultimately backed up by local economies.

For this reason, local governments should exert efforts to create a more favorable business environment by improving the infrastructure necessary for entrepreneurial activities and providing diverse incentives, in order to invite outside enterprises suited to the development of local industries. The recent enactment of "the Private Capital Inducement Law" and "the Balanced Regional Development Law" and other changes in the business climate will go a long way toward the effective implementation of local governments' strategy for revitalizing local economies. The broad regions development plan adopted last year is expected to stimulate the revitalization of local economies as it divides the country into seven large blocs, by departing from the existing Seoul-Pusan development axis.

With the advent of the age of local economies, enterprises are also on the move. Recently, the Samsung Group divided the country into six blocs and appointed a chief of operations for each bloc. Major corporate groups are seeking ways to make their operations tightly tied to localities through measures such as: relocating their headquarters to local areas; establishing regional operational headquarters and working out separate sales strategies for each region; participating in local infrastructure projects; and getting involved in local cultural events and welfare programs.

In the past the government's industrial policy has been focused on fostering steel, machine, petroleum, chemical, and other important strategic industries by creating strategic government-run industrial complexes at the initiative of the central government. True, this policy has produced good results in developing strategic industries by concentrating available resources on those particular targets. But, this policy, with main emphasis on the supply side, has resulted in the wasting of resources by, among other things, leaving some lots in the industrial complexes not parceled out.

Accordingly, it is necessary to set directions for future regional industrial development from the following point of view:

First, in all areas they should do away with the industry-first policy and strive to foster specialty industries suitable to the peculiarities of each area. For instance, for areas with natural beauties like Kangwon Province, it will be more appropriate to develop tourism and leisure industry rather than manufacturing, from the point of view of a rational utilization of the nation's land space.

Second, the policy of fostering industry uniformly in all areas, without regard to the given condition in each region, must be abandoned. This is to say that it is more desirable to develop the kinds of business that are suitable to the peculiarities of each locality, such as the natural and geographical conditions, the density of existing industries, the transportation system, the manpower and logistical bases, and local culture.

Third, in the case of high-tech industries as in other industries, it is not practical to invite and foster all kinds

of high-tech business in all areas. It will prove more effective in producing greater policy-directed results and better utilizing resources to develop a specific high-tech business suited to the peculiarities of each sector of high-tech industry and the local conditions of each area, such as the condition for locating a specific industry.

Directions for development of speciality industries can be clearly illustrated.

#### **Increased Autonomous Ability, Awareness Needed**

The administrative capability may be one of the three elements of local autonomy, besides the authority and fiscal capability of local governments. In the age of localization, local governments should change their current status as entities subservient to the central government into relations of partnership. Therefore, the central government needs to back up the self-help efforts of local governments to strengthen their self-rule capability, simultaneously with the transfer of powers from the former to the latter.

Local governments need to offer a variety of financial, wage, and technical incentives in the enterprising spirit while improving their administrative services to business, in order to attract outstanding domestic and foreign firms that can contribute to the development of local economies and to foster local speciality industries. It is necessary to shift the focus of administration from internal administrative affairs to commercial planning, and to train and reinforce expert personnel in the regional development and public welfare fields. To promote the internationalization of regions, local governments need to expand their functions and personnel in external affairs.

Each local government should go one step further and work together with local residents to "build a unique local community" through a mix of industry and culture, so that it may establish itself firmly as a local governing body.

#### **Policy Consultation Channels**

One of the problems that needs to be solved in ushering in the age of localization is how to combat regionalism. There is the possibility of an over- or underinvestment of public resources due to excessive interregional competition and the spillover from development in neighboring regions. This, it is feared, will cause an increase in the central government's cost of mediation in its efforts to settle interregional disputes. Conflicting interests among the citizens of the same locality could hamper local development.

A Municipal and Provincial Economic Consultative Council' (tentative name) can be organized and put into operation to harmonize conflicting local industries and carry out policy consultations between the central and local governments. The adjustment of conflicting regional interests over such matters as the utilization of water resources and the installation of nuisance facilities may require mediation by the central government. But local governments concerned should try to adjust their conflicting interests by themselves, through policy consultation channels such as the "Interregional Consultative Council" (tentative name). Inasmuch as conflicting interests among local residents are apt to make the concerned local government impotent, it is necessary for local governments to ensure a greater degree of transparency in the process of adopting and executing their policies and let local residents participate in this process.

#### **Harmony Between the Parts and the Whole**

In view of the internal and external economic conditions—such as the development stage of our economy, the improved capabilities of individual business entities, and the accelerated pace of openness and competition in consequence of the inauguration of the WTO—it may be said that the shifting of focus in the management of our economy from the government initiative to the private initiative, from centralism to decentralization, mirrors the rationality of our times.

Therein lies the significance of the progress being made in the localization of the economy, which will stir up full-fledged interregional autonomous competition as emphasis is placed on the principles of market economics and free competition.

However, with our economic system remaining under the order dominated by centralism for these past 30 years, the gap between the capital zone and other regions, between urban and rural areas, has widened so much.

As a result, the regional gap in fiscal strength has also widened a great deal.

In particular, it is a fact that the local systems and perceptions are so inveterate that they still remain unchanged, unable to easily pull out of the old rut of dependence on the central government.

As described above, as we are torn between the contemporary, rational process of development which is necessary to open the age of localization, and the weak state of local economies which is hampering this process, the tasks confronting us are not easy ones that can be accomplished soon. With this realization, we need to make a coolheaded approach to them.

**Burma**

**Karen Party Denies Surrendering to SLORC**

*BK2403070095 Bangkok THE NATION in English 24 Mar 95 p A3*

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Only one day after the Burmese junta declared that the Karen National Progressive Party (KNPP) had surrendered, the armed ethnic group yesterday released a statement playing down the claim, saying that both sides had only agreed on a ceasefire.

The statement, which is dated March 10, three days after the group finalized the last round of talks with the ruling State Law and Order Restoration Council (Slorc), said the KNPP had reached a ceasefire agreement with the Slorc on March 7.

It also declared the KNPP's intention to carry on and achieve its six political objectives, including the democratic rights of the Karen people and the freedom of the Karen State.

"The ceasefire agreement between the Karen National Progressive Party and Slorc having been reached, the Karen government now sees it as its duty to implement the six objectives and will steadfastly do its utmost to realize them," the statement read.

"The fact that the Karen National Progressive Party has agreed to the ceasefire with Slorc does not mean that it has abandoned its fundamental principles. The Karen National Progressive Party continues to uphold its political objectives," it added.

While the statement did not make clear whether the KNPP is still demanding the independence of the Karen State, "the guarantee of freedom for the Karen", called for in the document, is seen by Burma analysts both at the border and in Bangkok as an indication that the KNPP has not changed its position.

In the statement, the group said it would continue to work for "the safeguarding of the interests of the Karen people and the guarantee of their democratic rights and freedom, and the promotion and maintenance of the national culture, customs and languages of the Karen people and the guarantee of freedom for the Karen".

For decades, the KNPP, a small armed ethnic movement which has been active along the Thai-Burmese opposite Mae Hong Son province, has been fighting for the independence and sovereignty of the Karen State, arguing that the land has always existed as a separate independent state even during the time of British colonial rule.

A KNPP official, who was contacted yesterday, declined to clarify the statement, saying in every aspect the document spoke for itself.

However, the official, who asked not to be identified, reiterated that the KNPP has not surrendered nor laid down its arms as claimed by the Slorc.

Several Burma analysts, who are familiar with border affairs, said in separate interviews yesterday that the contradiction between the Slorc announcement and the KNPP statement indicates that some misunderstandings or disagreements over the nature of peace agreement between the two parties still exist.

They said they believed the KNPP, like the 13 other ethnic groups which have called a truce with Rangoon, would never surrender or hand over their arms to the Slorc unless they are guaranteed certain autonomous rights, ethnic rights and self-determination for their people.

The official Burmese media announced on Wednesday that around 7,000 KNPP forces had surrendered to the Slorc at a ceremony held on Tuesday in the Karen state capital of Loikaw.

It added that the Karen troops also handed over almost 9,000 weapons including mortars, rifles, machine guns and automatic rifles, to Maj Brig Gen Maung Kyi, the commander of the Burmese Army's Regional Control Command.

The ceremony was attended by the powerful Slorc leader Lt Gen Khin Nyunt who has initiated ceasefire negotiations with a dozen armed ethnic guerrillas in Kachin and Shan states. The nine-member KNPP delegation at the ceremony was led by its vice chairman Khu Hte Buphe.

The KNPP is the 14th armed ethnic group to strike a ceasefire deal with the Slorc, leaving only the Karen National Union and the New Mon State Party yet to finalize or enter into peace talks with Rangoon.

**Rangoon 'Uneasy' Over News on Khun Sa Troops**

*BK2303165395 Rangoon Radio Myanmar in Burmese 1330 GMT 23 Mar 95*

[FBIS Translated Text] A group of drug bandits belonging to drug kingpin Khun Sa stealthily crossed into Tachilek on 20 March at 0420 from Mae Sai in the country on the other side. They burned and destroyed 12 houses from Kondaw Ward and one shop in Diparyone Market by firing rockets, hand grenades, and small arms. They also ruthlessly murdered two innocent persons and wounded seven others. Two drug bandit leaders were killed and many were wounded when they were pursued by our defense services personnel. They then fled toward Mae Sai in the country on the other side in two groups. Our defense services personnel also annihilated six drug bandits who were unable to escape and were hiding in a house in Thonze Ward.

According to the latest reports, in the 21 March issue of BANGKOK POST, a daily newspaper from the country on the other side, a 20-strong group of drug bandits including some wounded persons arrived in Mae Sai and

the wounded were given treatment at Mae Sai hospital. Our defense services personnel requested responsible authorities from Mae Sai to return the members of Khun Sa's drug bandits, who unmercifully burned the people's houses and ruthlessly killed innocent people, but their request was denied. However, it was learned that the weapons were confiscated from the drug bandits, and they were allowed to return to their homes.

In fact, to show bilateral goodwill and good neighborliness between two neighboring countries, when another neighboring country captures terrorist drug bandits who killed and maimed innocent people from one country, they should be extradited to honor the sovereignty of both countries. It has been learned from a responsible official that authorities concerned in Myanmar [Burma] feel uneasy about the neglect and rejection of extradition of these drug bandits.

### Brunei, Malaysia & Singapore

#### Malaysia

##### Defense Minister Defends Shot at PRC Trawler

*BK2403004895 Singapore Radio Corporation of Singapore in English 1400 GMT 23 Mar 95*

[FBIS Transcribed Text] Malaysia says a warning shot, which was fired at a Chinese trawler, which allegedly fished in Malaysian waters was a legitimate protective action.

Malaysian Defense Minister Najib Razak, who is in Singapore, said the move was meant to safeguard the exclusive economic zone and was not directed at China. Datuk Sri Najib expressed hope that Beijing would perceive the move in those terms. He said international rules allowed ships to enter the zone but did not permit fishing. Four Chinese crew members aboard the trawler were injured after Malaysian Navy ships fired at the vessel off Sarawak last week.

#### Singapore

##### Ministry Views Relations With Philippines

*BK2203144295 Singapore Radio Corporation of Singapore in English 1400 GMT 22 Mar 95*

[FBIS Transcribed Text] The Foreign Ministry says the Singapore Government is saddened by the turn of development in bilateral relations. It was responding to queries from the media after Manila recalled its ambassador to Singapore and banned the further employment of Filipino maids here.

President Ramos has also canceled a visit to Singapore by his military chief Arturo Enrile scheduled for next week.

The move followed protests in the Philippines over the hanging of a Filipino maid, Flor Contemplacion, in Singapore for murder.

The Foreign Ministry said in view of the emotionally charged situation in the Philippines, Singapore will exercise restraint in its comments for the time being. Its spokesman said the government is recalling its ambassador in Manila, Mr. Tan Seng Chye, for consultations.

The spokesman said the facts of the case are straightforward and there were no mitigating circumstances to grant Contemplacion clemency.

The government welcomed the assurances given by the Philippine Government that it will honor its obligation of protecting Singapore nationals in the Philippines.

The ministry spokesman said the Philippine community in Singapore is not at risk and need not fear for its safety. Singapore authorities will deal firmly with any attempt to harm or intimidate any Philippine national in Singapore.

#### Cambodia

##### Foreign Minister Returns from Thailand

*BK2403061095 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 24 Mar 95*

[FBIS Translated Text] His Excellency [H.E.] Ing Huot, Cambodian minister of foreign affairs and international cooperation, today ended his official and friendship visit to Thailand, which was aimed at improving the mutual understanding between the two countries.

The official visits of H.E. Cambodian minister of foreign affairs to Australia from 23 to 30 March at the invitation of Senator Gareth Evans, and the visit to New Zealand from 31 March to 1 April at the invitation of Don McKinnon, New Zealand's deputy prime minister and minister of foreign affairs and trade, have been postponed for health reasons and on doctor's orders.

##### Border Clashes Between KR, Government Reported

*BK2303053495 Bangkok BANGKOK POST in English 23 Mar 95 p 10*

[FBIS Transcribed Text] Khmer Rouge [KR] guerrillas and Cambodian government soldiers are locked in fierce fighting near the border with Thailand, military sources said yesterday.

Heavy fighting erupted when over 3,000 Cambodian government troops and 10 tanks led by Lt-Gen In Sadara, newly-appointed commander of the Cambodian Fifth Army Region, attacked the headquarters of the Khmer Rouge's 365th Infantry Division.

The guerrilla base is located about three kilometres from the Thai border, opposite Tambon Khlongnamsai in Aranyaprathet District of Sa Kaeo Province, military sources said.

The din of battle such as the ceaseless stutter of machinegun fire as well as mortar rocket and artillery barrages was clearly heard in the heart of Aranyaprathet yesterday, sources said.

Burapha Force commander Maj-Gen Niphon Pharannit put Thai troops and Border Patrol Police on standby and gave them permission to return fire if Cambodian or Khmer shells land on Thai soil.

Thailand will accept Cambodian refugees on a humanitarian basis but they would be sent back to their country through other safe border passes later, sources quoted the commander as saying. Cambodian soldiers who flee to Thailand would be disarmed and pushed back, sources said.

The battle saw 10 150-mm artillery shells hit Ban Saensuk in Tambon Khlongnamsai yesterday evening, sources said, adding that some shells landed only 200 metres from the Ban Saensuk primary school but no one was injured as villagers and students had taken shelter in bunkers.

After finding that the shells were fired from the Cambodian Government's Ban Nimit fire base, the Aranyaprathet and Burapha Task Force gunners conducted counter-battery fire to suppress the Khmer barrage, sources said.

The battle in Cambodia died down during heavy rainfall yesterday evening, sources said.

Meanwhile, Army Chief-of-Staff Gen Suthep Siwara inspected the situation along the Thai-Cambodian border in Surin and Sisaket provinces. The roar of artillery could be heard loudly in Kantharalak District of Sisaket, an army officer said.

The chief-of-staff denied foreign media reports that Thailand was supplying Khmer Rouge troops with provisions.

#### Ministry on Security at Sam Rangsi's House

BK2403054495 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 24 Mar 95

[Commuque of the Ministry of Interior issued in Phnom Penh and dated 23 March—read by announcer]

[FBIS Translated Text] SAMLENG YUVEAKCHON KHMER newspaper issue number 84 dated 23-24 March 1995 carried a misleading article entitled: "Two Truck-Loads of Policemen Encircle Sam Rangsi's House."

The Ministry of Interior, realizing that this article might cause the public to misunderstand the Royal Government, would like to clarify this matter as follows:

On 22 March, the Ministry of Interior rotated the security forces guarding the house of His Excellency [H.E.] Sam Rangsi without encircling the house as the newspaper reported.

When H.E. Sam Rangsi was the state minister and minister of economy and finance, the Ministry of Interior provided him with eight security guards to ensure his safety when he was on missions in various localities, provinces, and cities. At present, H.E. Sam Rangsi only has a role as a member of the National Assembly; therefore, the Ministry of Interior has maintained only two bodyguards for him as it does with all other MP's. The excess number of security forces are thus withdrawn back to the ministry for other duties.

The Ministry of Interior would like to stress that the above action has not involved the personal security of H.E. Sam Rangsi. In case H.E. Sam Rangsi would like to have more security guards at his residence, he may make a request to the Ministry of Interior any time.

Phnom Penh, 23 March 1995

#### Indonesia

##### Military Said Organizing East Timor Protest

LD2303201195 Lisbon Radio Renascenca in Portuguese to Europe 1700 GMT 23 Mar 95

[FBIS Translated Excerpt] The Indonesian authorities are organizing a forced demonstration for tomorrow morning in Dili. The Indonesian military are counting on the presence of thousands of East Timorese to protest at 1000 hours in the center of the East Timorese capital against the UN, and to express support toward the integration of the territory. A hunt for demonstrators began this afternoon outside Dili. It is all happening a few weeks before the Salzburg meeting between East Timorese leaders who favor and oppose Indonesian rule. Indonesia wants to have everything in its favor, and is going to send another message to the UN secretary general. More details from Dora Pires:

[Pires] The whole thing was exposed early this afternoon. East Timorese resistance sources in East Timor report that the Indonesian military are sweeping the outskirts of Dili with dozens of buses into which they force the East Timorese.

The whole operation is aimed at setting up a scene of local protest against the role of the UN in East Timor.

[Begin Adalberto Alves recording, secretary general of the East Timorese resistance] They forced people from districts outside Dili namely Likisa, Ermera, Aileu, and Manatuto. People have been arriving from these areas on board Indonesian military buses to gather tomorrow at the [name indistinct] sports center in Dili at 1000 hours to demonstrate against the initiatives promoted by the UN concerning East Timor. [end recording]

[Pires] [Passage omitted] We have heard the Indonesian version of the protest through the words of an ANTARA [Indonesian news agency] journalist, who even knew the number of people who will be present at tomorrow's demonstration:

[Begin unidentified ANTARA correspondent recording in English, with superimposed Portuguese translation] There will be 3,000 East Timorese from 13 council areas who will be manifesting their support toward the integration of East Timor into Indonesia. Then they will also ask the East Timorese authorities to escalate their action against criminals such as the rebels. [end recording] [passage omitted]

### Alatas Previews UN Debate on East Timor

*BK2403100995 Jakarta ANTARA in Indonesian 1034  
GMT 23 Mar 95*

[FBIS Translated Excerpt] Jakarta, 23 Mar (ANTARA)—Foreign Minister Ali Alatas has said that Portugal will not have the courage to present a "condemnation" resolution blaming Indonesia at the UN forum on the East Timor issue. If it does, Indonesia will certainly win the case.

Speaking at a working meeting before members of Parliamentary Commission I [dealing with foreign affairs and national security] in Jakarta early Thursday, Alatas said that Portugal would probably not issue resolutions condemning Indonesia as it did from 1976 to 1982 because it knew that Indonesia is in a stronger position based on the total number of votes the latter will receive. [passage omitted]

Considering that Portugal will not present such a resolution, Indonesia should sponsor its own resolution for a comprehensive settlement of the East Timor issue.

"We have to go ahead with a "once and for all" [preceding four words in English] resolution to resolve the East Timor issue," he said.

According to Alatas, the draft "once and for all" [preceding four words in English] resolution must also stress several points, including the fact that the East Timorese have exercised their self-determination. [passage omitted]

### Thailand

#### Ministry Protests Burmese Border Incidents

*BK2403032995 Bangkok Radio Thailand Network in English 0000 GMT 24 Mar 95*

[FBIS Transcribed Text] The Ministry of Foreign Affairs yesterday presented an aide memoire to Myanmar [Burma] expressing serious concerns over the incidents on March 2, 1995 in Tak Province.

The aide memoire referred to the raid on a house owned by a Thai citizen, Mr. Prachuap Saenchai, in Tha Song

Yang District, Tak Province by a group of five Myanmar military personnel equipped with heavy machine guns. The group shot and wounded Mr. Prachuap before looting his properties and cash with more than 20,000 baht. On the same day, a group of approximately 20 armed personnel from Myanmar clandestinely entered Thailand and forcibly took back to Myanmar Mr. Kway Rei, aged 68, a Christian Karen leader, from the area temporarily designated for the displaced persons from Myanmar in Tha Song Yang District, Tak Province.

The Ministry of Foreign Affairs said it viewed the incidents with serious concern as they clearly violate Thailand's sovereignty and territorial integrity and ran counter to the principle of good neighborliness adhered to by the two countries.

The Embassy of the Union of Myanmar was advised to inform the authorities concerned in Myanmar of these matters and calls for a thorough investigation of the illegal and totally unacceptable incidents. The Myanmar authorities are also urged to take necessary measures to prevent the reoccurrence of any similar events in the future.

#### Fishermen Released by Burma Return

*BK2403024895 Bangkok THE NATION in English  
23 Mar 95 p A5*

[FBIS Transcribed Text] A total of 120 Thai fishermen detained in Burma for illegal fishing in that country's waters were released from a Rangoon prison and returned to Bangkok yesterday.

They were greeted at the Air Force Airport by Assistant Army Commander Chettha Thanacharo and their families who presented them with garlands.

About the same number of Thai fishermen remain in Burmese prisons, either still on trial or serving prison terms following convictions for poaching in Burma's territorial waters.

Gen Chettha said the Burmese government released the fishermen from Insein Prison without conditions to commemorate the 50th anniversary of His Majesty the King's ascension to the throne next year.

He said the Burmese government freed only 120 of the incarcerated fishermen because they regarded that as a lucky number, while the method used to select who would be freed gave priority to those who had been detained for a certain period of time, or were sick or old.

The release was the result of conversations between Burmese Army Commander in Chief Gen Maung Aye and Chettha, who visited Rangoon on March 3.

Chettha praised the "sincerity" of the Burmese government, and said it had agreed to free the fishermen only after a five-minute talk on March 3.

Gen Chettha warned the released fishermen not to enter Burmese waters illegally again, and said the government and the Army could not always be expected to help negotiate for their release.

"Don't think that you can do wrong again. We can't help you if you do so. You should know that every country loves its territory," he told the fishermen.

Pratyathawi Tawethikun, the deputy permanent secretary of the Foreign Ministry, said the ministry began negotiations for the release of the fishermen when Thaksin Chinnawat was still foreign minister.

However, he praised Chettha for playing a leading role in the negotiations for their release. He said about 190 Thai fishermen were still detained in Burma and the Foreign Ministry would continue to try to help them.

Chan Thepyot, 27, one of those released, said he was sentenced to 15 years in jail but had served only 11 months. He said the prison gave them only two meals a day, consisting of boiled nuts and vegetables.

#### Foreign Minister Receives Cambodian Counterpart

*BK2303090595 Bangkok Voice of Free Asia in Thai 1030 GMT 22 Mar 95*

[FBIS Translated Text] At 1030 today, visiting Cambodian Foreign Minister Ing Huot called on his Thai counterpart Dr. Krasae Chanawong at the Foreign Ministry. Their discussions touched on many issues of mutual concern, such as the meeting of the Joint Thai-Cambodian Commission to be held on 7-8 May, the mass murder of Thai loggers in Cambodia, and Cambodia's attendance at an ASEAN meeting as an observer. The Thai foreign minister reported the following to newsmen after the meeting with his Cambodian counterpart:

[Begin Krasae recording] I have had the opportunity of welcoming the Cambodian foreign minister, Mr. Ing Huot. The purpose of our meeting was to discuss bilateral cooperation and review events over the past two years. Some issues had already been discussed between the Cambodian foreign minister and Prime Minister Chuan Likphai. We merely reviewed those issues.

One important topic of our discussion was the convening of the so-called Joint Commission meeting. That meeting will contribute to improved and more durable cooperation. It has been agreed that the meeting will be held in Cambodia during 7-8 May. Cambodia is preoccupied with several issues in April, so that month is not convenient.

Another issue discussed was the death of 22 Thais. The Cambodian official asserted, as he did to Prime Minister Chuan, that he very much regretted the incident and that the Cambodian Government had no involvement in it.

He said it was the work of the Khmer Rouge. In any event, he will cooperate with Thailand to resolve the matter.

He informed our delegation that the armed strength of the Khmer Rouge is only about 2,000 persons, and this number will continue to dwindle. However, on the advice of King Sihanouk, the Cambodian Government feels that the Khmer Rouge should be one of the political parties contesting future elections. [Words indistinct]

Another topic concerns Thailand's proposal for Cambodia to attend the meeting of ASEAN foreign ministers meeting in Brunei on 28 July as an observer. On that date Vietnam will join ASEAN as a member.

On other topics, we reviewed Thailand's assistance to Cambodia, such as the Department of Technical and Economic Cooperation's [DTEC] project to establish a rural development center in that country. The Cambodian foreign minister touched on other Thai assistance projects that have been stalled. The DTEC, I believe, is looking into them, including the skilled labor training project. A project that will start soon is the training of 50 Cambodian military officers in rural development, agriculture, and public health.

In general, that was what we discussed. I praised the Cambodian foreign minister as being the first person to have spoken out regarding his feelings toward and impressions of Thailand. He emphasized that the Cambodian Government, particularly King Sihanouk, is always grateful to Thailand and realizes the importance of development assistance and cooperation from Thailand.

He said Prime Minister Ranariddh has noted and denied the reports that seemed to characterize him as despising Thailand or having bias against Thailand. The prime minister is always grateful for Thailand's good will and kindness. The reports about minor disagreements have created an exaggerated picture of mutual misunderstanding. The foreign minister suggested that there should be a meeting to resolve the problems together and bring about constructiveness.

The Cambodian foreign minister also emphasized Thai investment in Cambodia. He said some 244 Thai companies had applied for investment privileges in Cambodia. Of these, only 40 companies have actually carried out operations. The foreign minister stressed that the companies would be provided with the fullest assistance as well as investment protection. He noted that the investment protection law has already been in effect. Thai investors, therefore, can be assured of investment protection. [end recording]

#### Cabinet Approves Cambodian Tourism Agreement

*BK2303085895 Bangkok Radio Thailand Network in English 0000 GMT 22 Mar 95*

[FBIS Transcribed Text] Thailand and Cambodia will sign an agreement on tourism cooperation next week during the visit to Thailand by Cambodia's Second Prime Minister Hun Sen.

The cabinet yesterday approved the signing of the agreement as proposed by the Tourism Authority of Thailand. The agreement called for the promotion and development of tourism between the two countries. It will take effect for a five-year period and can be renewed automatically for another five years. If either side wants to scrap the agreement, it needs to submit written notification at least six months before the expiration date of the agreement.

The tourism cooperation agreement is scheduled to be signed on 29 March this year. The Tourism Authority of Thailand will be entrusted to serve as the responsible agency on the Thai side while Cambodia's National Tourism Authority will be in charge of the project on the Cambodian side.

### Cambodia To Pay Compensation for Slain Rangers

*BK2403100695 Bangkok Radio Thailand Network in Thai 1200 GMT 22 Mar 95*

[FBIS Translated Text] Lieutenant General Bandit Malaiarisun, commander of the First Army Region, speaking to reporters on the outcome of a joint meeting between the governor of Sakeo Province and the commander of the Burapha Forces and the governor of Banteay Meanchey Province of Cambodia to find solution to current border problems and to discuss compensation for two Thai rangers killed by the Cambodian side, said that the two sides have reached a good understanding with each other. The Cambodian side agreed to pay a compensation of 100,000 baht each to the families of the two rangers. The Thai side expressed satisfaction with the compensation, even though the amount of money involved was not that much. However, since the Cambodian side admitted its fault, we should be satisfied. This is because the honor of the country is also involved. The Cambodian side will pay the compensation money to us in the near future.

The commander of the First Army Region went on to say that the meeting also discussed the issue of extradition of criminal suspects between the two countries. For example, if the Cambodian side wants to extradite Thai citizens to face a charge in Cambodia, it must let the Thai side conduct an investigation into the charge first.

Regarding the abduction of a number of Thai immigration officials and villagers in Cambodia for a ransom of 200,000 baht each, Lt Gen Bandit Malaiarisun said that the return of the ransom money would not be easy because it was the Thai side that agreed to pay it to the Cambodian abductors. He noted that the high-level leadership of Cambodia had already instructed the governor of Banteay Meanchey to comply with the Thai side's policy in maintaining security for the people along the border. The Cambodian side pledged to tighten discipline among Cambodian soldiers. It is believed that this action would contribute to a decrease in robbery cases along the border.

### Leaders Comment on Singapore-Philippines Dispute

#### Suphachai Comments

*BK2403095795 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 22 Mar 95*

[FBIS Translated Text] Several government leaders expressed their views on the issue of diplomatic relations between the Philippines and Singapore. The Philippines has threatened to sever relations with Singapore in connection with the execution of a Filipino maid in accordance with a verdict by the Singapore Supreme Court. Deputy Prime Minister Suphachai Phanitchaphat, who oversees government economic policy, expressed the belief that the conflict could be resolved through the ASEAN forum. Several [regional] conflicts have already been resolved through this channel.

[Begin recording] [Suphachai] As a matter of fact, this conflict should not have taken place at all. I think that we must use the ASEAN institution to resolve this problem. This is because this institution is able to create good understanding among its members. Several conflicts have been amicably settled through this organization. I think it will take time to resolve it because public opinion on both sides remains strong. I am of the view that economic cooperation among them will remain the same. The forthcoming [ASEAN summit] conference scheduled to be held in Phuket remains unaffected. I think that the scheduled economic conference must continue so that all ASEAN member countries will continue their dialogue. [end recording]

Foreign Minister Krasae Chanawong also expressed confidence that the conflict would be amicably resolved because it involved legal issues:

[Begin recording] [Krasae] I hope that any agreements or decisions made in connection with this issue will produce a positive outcome. This is because at least the two sides will have to maintain the spirit of ASEAN.

[Unidentified reporter] In your opinion, do you think that the verdict by the Singapore Supreme Court was too harsh, without considering the importance of relations with a neighboring country?

[Krasae] The law is the law, and a foreign affairs matter is another thing. As far as I know, and from my close observation of the situation in the Philippines and Singapore, similar developments have taken place since 1991. I understand that there are some principles governing legal and political relations among the ASEAN member countries. I believe that joint efforts must be made to use these principles to foster solidarity and affection among them. Thailand stands ready to offer whatever help we can so that any conflicts among ASEAN members can be settled and our solidarity maintained. [end recording]

**Krasae Expresses Concern**

*BK2303140195 Bangkok THE NATION in English 23 Mar 95 p A3*

[FBIS Transcribed Text] Foreign Minister Krasae Chanawong yesterday expressed concern over the current feud between the Philippines and Singapore concerning the execution by hanging of a Filipino maid in Singapore last week, but hoped the dispute would calm down in favour of the Asean spirit of cooperation.

"As an Asean neighbour, we view the situation with concern, but we also believe that the situation will calm down, (in order that) it does not affect Asean as a whole," Krasae said.

His comments came as President Fidel Ramos threatened to sever ties with Singapore if evidence came to light to prove that the maid was in fact innocent.

While treating the row as an internal affair between the two Asean countries, Krasae commented that severing ties would be at the expense of trade cooperation between the two countries and would unnecessarily benefit a third party. He did not elaborate.

In a stronger statement, Deputy Foreign Minister Surin Phitsuwan said countries should respect the laws and sovereignty of fellow countries.

Surin, however, said he hoped President Ramos would be able to succeed in persuading Filipinos to think reasonably in terms of the long-term bilateral relations between the two countries.

Five years ago Thailand was also locked in a dispute with Singapore over the caning of Thai workers convicted on criminal charges. The incident prompted a protest by the Thai government, resulting in a decrease in the number of strokes the workers received.

**Radio Feature Reviews Relations With PRC**

*BK2303154595 Bangkok Radio Thailand Network in English 0000 GMT 23 Mar 95*

[("News in Perspective" feature)]

[FBIS Transcribed Text] This year, Thailand and the PRC celebrate the 20th anniversary of their diplomatic relations. The two peoples, in fact, have always maintained special relationship throughout their long histories. With Cold War coming to an end and with the reestablishment of formal relations, contacts have been made with a brisk pace and at all levels. Foreign Minister Krasae Chanawong has just returned from China where discussions were held extensively in several areas of cooperation. Bunchira Thompson reports:

Thailand and the PRC have moved to strengthen bilateral ties and step up cooperation in many areas. The two countries discussed issues of mutual interests this week when Foreign Minister Krasae Chanawong paid a three-day visit to China from 19 to 21 March. In his discussion

with his Chinese counterpart, Qian Qichen, the Thai foreign minister proposed to sell rice and sugar to China, saying that China may badly need the two farm products to ease the shortage which resulted from the recent natural disaster in that country. The Chinese side agreed to consider the Thai proposal. Mr. Qian welcomed the opening of an office of the Thai consul general in Shanghai in the near future. The Thai side asked China to develop Shantou, Haikou, and (Chang Hong) airports in China as international airports. He told China that a Thai private hospital would undertake a joint venture with the Shanghai business sector very soon.

Mr. Qian asked about the indisposition of his majesty the king of Thailand and he was told that his majesty's condition had steadily improved.

Foreign Minister Krasae conveyed Thailand's appreciation for China's approval to allow its holy relic of the Lord Buddha's fingerjoint bone to be temporarily enshrined in Thailand from 29 November 1994 to 21 February 1995. Thai buddhists made a donation of 28 million baht throughout the period. Of the amount, Thailand agreed to donate 15 million baht to the Famen Temple of the Holy Relic in China. The rest will be contributed to the royal development project of the Thai Phatthana Foundation, the National Council on Welfare of Thailand, and the World Fellowship of Buddhists.

To mark the 20th anniversary of the establishment of Sino-Thai diplomatic relations this year, the Thai and Chinese prime ministers will make a speech through the teleconference system on 1 July 1995 so that the people of the two countries can view the program simultaneously on television.

Concerning regional issues, China expressed its strong support for the upcoming East Asia-European Union Summit to be hosted by Thailand. Both countries shared the same view that national reconciliation without external interference is the best way to resolve conflicts in Myanmar and Cambodia. China also told the Thai side that it would adopt peaceful negotiations in dealing with the Spratly Islands problem and try to prevent the problem from escalating.

The impact of the international economic and political situation in East Asia and the impact of globalization on Thailand and China are among the topics of discussion at the second Thai-Chinese economic forum which begins today in Bangkok. The two-day forum also touches on economic development in Thailand and China. The close and cordial relations between the two countries will help facilitate their bilateral cooperation in all areas.

**Vietnam**

**Radio on U.S. Public View of Liaison Offices**

*BK2403024695 Hanoi Voice of Vietnam in English 1000 GMT 23 Mar 95*

[Station commentary]

[FBIS Transcribed Text] Vietnam and the United States have had their respective liaison offices opened in each other's capital for nearly two months now, but Americans have kept talking about the event. On this issue, our radio editor has this to say:

The American public has viewed this move as an outstanding one in the foreign policy of the Clinton administration in the first three months of this year. A section of the American public holds that the United States President should slow down the process of normalization of relations with Vietnam and that the liaison offices should not have been opened at that time. They claim more progress should have been achieved in the search for Americans missing in action during the Vietnam war. Worthy of note is that these opinions are not widely shared and concentrate in conservative circles in the United States.

Large sections of the American public have welcomed the opening of the liaison offices between the two countries. The director of the United States Center for National Policy, Mr. Maurice Bruno, stated that the United States has made slow steps in the process of normalization of relations with Vietnam. He argued that it should even go further in the process. He said that the MIA issue has partly been used as a political weapon.

The American senator, Frank Murkowski, shared Mr. Bruno's opinion, saying the setting up of the liaison offices between the two countries was good cooperation. In his opinion, the Vietnamese Government has actively cooperated with the United States in many fields, including the MIA issue. He said Vietnam was a dynamic country with a rapid economic growth rate. The Vietnamese have absorbed a good education and have a high sense of responsibility toward their work. He expressed despair to see that the United States was too slow in establishing closer ties with Vietnam. He hoped to see relations on a higher scale next year.

But Al (Dimatis), the head of the non-official Union of American Companies in Hanoi, has even stronger views. He said that now that the United States has a liaison office, Washington needed to be urged further. Americans need investment in Vietnam and assistance for their exports and a trading service. What Americans really need, Mr. (Dimatis) said, was an embassy in Hanoi. He is not satisfied with the few number of Americans at the United States Liaison Office in Hanoi.

While the process of Vietnam-United States normalization has to go through different obstacles, it cannot be isolated from the current trend of international relations in the post-Cold War period. This period sees Vietnam joining ASEAN in late July and its participation in regional organizations and forums such as APEC will influence Vietnam-United States relations in a more favorable way. Assistant American Secretary of State Winston Lord, in a recent speech on the United States policies in Asia, put the process of normalization of the

U.S.-Vietnam relations in the common picture of security cooperation in the Asia-Pacific region. For this very reason, both Vietnam and the United States have decided to take a new chance, not allowing obstacles to delay the common change.

When the liaison offices of both countries were established, many people considered it a victory of will. It is hoped that this two-way road will further develop relations between the two countries.

#### Foreign Minister's Africa Trip Reviewed

*BK2403103195 Hanoi VNA in English 1457 GMT 23 Mar 95*

[FBIS Transcribed Text] Hanoi VNA March 23—Vietnam's Foreign Minister Nguyen Manh Cam paid official visits to African nations of Mozambique, Zimbabwe and Zambia from March 17-22. The Vietnamese chief diplomat held talks with his Mozambican, Zimbabwean and Zambian counterparts and had working sessions with the ministers of economy, industry, trade and agriculture of those countries. He was received by the presidents and vice-presidents of the African countries. During the talks, leaders of Mozambique, Zimbabwe and Zambia highly appreciated the fact that while pursuing the open foreign policy, diversifying and multilateralizing international relations, Vietnam has constantly attached importance to consolidating and developing relations with traditional friendly countries which once assisted each other in the struggle for independence and freedom in each country. They also expressed their wish to exchange experiences with Vietnam because all the three countries are carrying out reforms especially in the economic sector. During the talks, leaders of Mozambique, Zimbabwe and Zambia highly appreciated the fact that while implementing open foreign policy, diversifying and multilateralizing international relations, Vietnam had constantly attached importance to consolidating and developing relations with traditional friendly countries who once proved solidarity with and assistance to each other in the struggle for independence and freedom in each country. They also expressed their wish to exchange experiences with Vietnam because all the three countries are in reforming process, especially economic reform. Discussions were also focussed on possibilities and fields of bilateral cooperation. Mozambique with its strength in cotton and sugarcane plantation wished to cooperate with Vietnam in agriculture and to receive more Vietnamese experts in agriculture, education and public health. While Zimbabwe and Zambia imbued with natural resources have long-time experiences in mining, especially ferrous metal and gem. Zimbabwe, in particular, good at tobacco growing, is ready to cooperate with Vietnam in this field. All the three countries showed their interest in Vietnam's export items such as rice, consumer goods and garments. Zimbabwe and Zambia also wished to import sea products from Vietnam. Leaders of the countries suggested to establish inter-governmental commissions for economic

and trade cooperation with Vietnam. Foreign Minister Cam also exchanged views with leaders of the countries on international and regional matters of mutual concern, and expressed Vietnamese side's high appreciation of the three countries' efforts to accelerate peace, stability, cooperation and development in South Africa.

**\* Agriculture Minister Comments on U.S. Visit**

*952E0064 Hanoi LAO DONG in Vietnamese  
16 Feb 95 p 3*

[Interview with Minister of Agriculture and Food Industry Nguyen Cong Tan by Quang Nguyen; place and date not given: "By Cooperating With the U.S., Vietnam Has More Opportunities To Develop Its Agriculture"]

[FBIS Translated Text] Having accepted an invitation from the U.S. Department of Agriculture, U.S.-Vietnam Trade Council, and American Rice Inc., in the days just before the At Hoi (Year of the Pig) Tet, Minister of Agriculture and Food Industry Nguyen Cong Tan made a trip to the United States. Following his trip, he granted LAO DONG an interview:

[Nguyen] Please let us know the purpose of the trip.

[Tan] The U.S. agricultural organs and organizations wanted to show us their advanced and modern agriculture. On that basis, they wanted to cooperate and do business with and to help Vietnam. For that reason, they let us see the machinery of the U.S. Department of Agriculture; visit with American Rice Inc. to see its various aspects ranging from research and seed selection and hybridizing to production, processing, and sales of rice; and see farms, cattle ranches, agricultural cooperatives, and so on. They also created favorable conditions for us to meet managers, scientists, and businessmen in the field of agriculture. Our delegation also took part in seminars on Vietnam's agriculture. We traveled to the U.S. this time for the purpose of getting to know their agriculture.

[Nguyen] Seminars on Vietnam's agriculture? Did they have accurate information on Vietnam's agriculture?

[Tan] That was what surprised me. In a major university, they had a group of specialists who were fulfilling the specific task of studying Vietnam's agriculture. Not only at seminars, almost all the people that I met had a pretty accurate knowledge of Vietnam's economy in general and Vietnam's agriculture in particular. What was very interesting was the fact that they were concerned with our renovation. They admired Vietnam's economic growth in the past years. Some people thought that the growth of our agriculture was a miraculous achievement. They also approved of the view that agriculture should be considered Vietnam's top-priority front. The Americans that I met also greatly approved of our view to the effect that while we push our agriculture toward production of commodities, we also link it with fighting hunger

and poverty. They thought that was a precious lesson for those countries having the same conditions as Vietnam's.

[Nguyen] Why do Americans have an interest in cooperating with and helping Vietnam's agriculture?

[Tan] The Americans, of course, are not interested only in the field of agriculture. However, the field of agriculture itself originates first from the economic interests of both sides. The U.S. has plenty of capital and advanced technology. At the same time, Vietnamese agriculture is pretty broad and rich in terms of its scope. Vietnam badly needs U.S. machinery, materials, and equipment that serve agriculture and U.S. biological technology. Vietnam also needs such U.S. agricultural products as wheat. On the other hand, the American side also wants to import from Vietnam such items as coffee, latex, cashew nut, tea, pork, produce, rice, and so on.

[Nguyen] The U.S. is the second largest rice exporter in the world today. Why does it want Vietnam's rice?

[Tan] In the U.S. market there are very many kinds of rice. We now have about 1 million Vietnamese Americans and 2 million Chinese Americans who like to eat rice cultivated in Asia. Vietnam's rice will have a place in the U.S. market if it is processed in such a way as to improve its quality. Moreover, more and more Americans like to eat rice.

[Nguyen] In the time to come, what assistance and cooperation will we get from the U.S. in agriculture?

[Tan] First of all, the U.S. will help Vietnam to have full and accurate information on agriculture on a global basis and to accurately forecast production changes, consumption needs, and prices of agricultural goods. It will help Vietnam to provide farmers with agricultural services and extension programs to boost their production. It also will help us to train science and business cadres in the agricultural field. By Vietnam's request, USAID will help us in two projects to develop agriculture in the highlands and to build the rural areas that are affected by flood in the Mekong delta. American businessmen have promised to cooperate with us in the fields of processing and selling rice, producing coffee, raising hogs to get lean meat, processing feeds, selling cashew nut, and so on. In the future, the U.S. will also cooperate with and help Vietnam in the fields of raising dairy cows and growing corn, cotton, sugar cane, citrus, and so on.

[Nguyen] After having spent 12 days in the U.S., what was your most striking impression?

[Tan] As an agricultural worker, my first impression was that the U.S. had a very developed agriculture. The biological industry in general, the high level of farming as shown by their agricultural workers, as well as their economic management—all were very advanced and had many things that we should learn.

[Nguyen] What about their society, their people?

[Tan] We can have this observation: The "Vietnam syndrome" was still quite evidently reflected in the people that I met in the United States. Is it true that by cooperating with and helping Vietnam in the field of agriculture the Americans are taking one of the measures that will help to erase the "Vietnam syndrome"? Although I had just returned to the country, I already received many U.S. agricultural delegations, which came to Vietnam to develop cooperation and investment projects. Also within a few days, some of the U.S. breeding hogs which rank among the best in the world will be in Vietnam.

[Nguyen] Thank you, Minister Tan.

#### Foreign Investment Sector Priority for Reform

BK2403101095 Hanoi VNA in English 1228 GMT  
23 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 23— Minister Dau Ngoc Xuan has stressed that reforms in the foreign investment sector would be the starting point in administrative reforms which are due to take place in Vietnam.

In an exclusive interview with the national daily NHAN DAN, Dau Ngoc Xuan, who is also chairman of the State Committee for Cooperation and Investment, said: "As has been announced in a decree issued by the government on December 28, 1994 an important reform is that every office and branch must give its reply to applicants within a fixed time frame after having received their requests or proposals. In case the reply does not come or is beyond the fixed time, it means that the project or proposal is approved and the responsibility must entirely rest with that office or branch."

"Two of the most complicated areas are land leasing and construction procedures," Minister Dau Ngoc Xuan said, adding: "From now on the time frame set for appraisal and approval of investment projects capitalized at 40 million USD upwards will be between 60-65 days, while the remainder subject to a limit of 45 days only (excluding the timing reserved for investors' amendments and modifications to their project application records) instead of three months as had been stipulated in the law on investment."

Mr Xuan revealed that land leasing would be considered simultaneously with the project appraisal so as to facilitate the approval of lease agreements and the issue of land ownership certificates within 30 days of receipt of investment licences.

Regarding construction procedures, Minister Dau Ngoc Xuan stressed that the time set for appraisal of construction design and for the release of investment licences would be reduced to 20 and 10 days respectively.

He also said that environmental protection must be strictly observed in line with the international rule. On

the other hand, for some projects, the investor has to apply attached documents relating to this effect.

#### Bank Governor Views Need for Capital

BK2303133095 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Feb 95 pp 1, 5

[Interview with Cao Si Kiem, governor of the Vietnam State Bank, by SAIGON GIAI PHONG Correspondent Le Tien Tuyen; place and date not given]

[FBIS Translated Text] [Le Tien Tuyen] The need for funds to support investment and development for the 1995-2000 period requires a large volume of capital and urgent timing to firmly maintain the economic growth rate in accordance with the orientations set forth by the resolutions of the party and state (nine percent in 1995 and double in 2000). How does the banking sector respond to this demand?

[Cao Si Kiem] To avoid the danger of being left farther behind other countries, in the years ahead, the GDP growth rate must at least be higher than that of 1994. As an immediate objective, it must reach at least 9 percent in 1995 and 9-10 percent during the 1996-2000 period. To this end, the investment capital for the 1995-2000 period is estimated at USD 50 billion, of which 20 billion will be mobilized from domestic sources and the rest from foreign sources, through direct investment, development aid, and preferred credit.

Experiences have shown that if we want to have one Vietnamese dong to increase the gross national product, then we will have to reserve three Vietnamese dong for investment. The investment capital we put into production over the past four years has reached USD 10 billion. This year we will put in five more billion and it is estimated that in 1995 we will overfulfill the target set by the five-year plan. We have made low estimates of the sources of capital from ODA [Overseas Development Aid]. However, thanks to the present favorable situation, we may reach USD 10-12 billion within the next 10 years. Our success in mobilizing the sources of capital from ODA now and in the years ahead depends on whether we are quick to work out and implement projects, as well as take full advantage of better relations to achieve results. Although it is slow, the inflow of foreign capital is steady and on the rise because Vietnam is an attractive and profitable market. It is estimated that we may reach the target of USD 18-20 billion. Thanks to these two sources of capital, we may reach the goal of USD 30 billion within 10 years and mobilize capital from domestic sources to make up for the rest.

Regarding the final stage, the party has pointed out that domestic capital is decisive and foreign capital is important. Therefore, we must consider all aspects of the issue of mobilization and use of domestic capital. I would like to make it clear that state-provided capital will be invested mainly in infrastructure. The same thing

applies to ODA capital. The banking sector is responsible for mobilizing capital and supplying it to society and the economy. Our banking system consists of a nationwide network of state-owned or share-holding trade banks, rural development banks, and rural credit funds. These establishments play a positive role in promoting production and business activities, thus contributing to socioeconomic development. However, given the new demands, the entire banking sector must improve its operations and help with a solution to the problem now facing our country. As an immediate objective, the banking sector will apply a number of important measures to generate capital as follows:

1. Mobilizing capital through the money market: Based on existing facilities and operations, continued efforts must be made to further improve quality and introduce new markets such as a credit market, an interbank domestic currency market, an interbank foreign currency market, and a treasury bond market.
2. Preparing necessary conditions in terms of legal documentation, economic factors, and personnel for the establishment of a stock market in Vietnam to help mobilize all sources of mid- and long-term capital at home and abroad to support economic development.
3. Intensifying efforts to improve relations with international financial institutions and foreign banks to increase the chances of obtaining credit loans at favorable terms. In this connection, it is very important to borrow and make good use of loans from IMF, WB [World Bank], and ADB [Asian Development Bank].
4. Reviewing the results of the experimental People's Credit Fund model before applying it to the entire country in accordance with a plan already approved by the government, thus setting up a financial institution to meet the demands of agriculture and the countryside.

[Le Tien Tuyen] The basic issue now facing the economy rests with efforts to mobilize all sources of capital to meet long-term production, business, and investment demands. In his government report delivered at the Ninth National Assembly's Sixth Session, Prime Minister Vo Van Kiet stressed that: "Increasing the size of the capital market has constantly become a very pressing demand of the national economy." How has the Vietnam State Bank prepared itself for and handled this problem? Are we ready for the establishment of the stock market yet?

[Cao Si Kiem] Capital market development is one of the important measures in the strategy to mobilize capital needed to achieve the expected development rate in investment. Our capital markets have taken shape but are still in their infancy, namely, the saving deposit market, the domestic currency inter-bank market, the foreign currency inter-bank market, and the treasury bond market.

In time to come, especially in 1995, the activities of these markets will aim at heightening the quality of the

domestic and foreign currency inter-bank markets and expanding the sphere of activity of the domestic currency inter-bank market to include share-holding commercial banks, joint-venture banks, and branches of foreign banks here. We will also review the current activities and highlight relevant experiences; we will refine the foreign currency inter-bank market to make it more efficient so it can be a forerunner of a future stock exchange market; we will develop the treasury bond market and refine the regulations on bidding in the treasury bond market to put it into broad operation in 1995 after a trial period in late 1994; we will continue to develop other forms of capital mobilization such as issuing fixed term bonds, commercial bank bonds, a housing deposit scheme, saving deposits that can be drawn on at other locations, individual bank accounts, and cheque accounts; and we will introduce modern banking services such as credit cards, automatic teller machines, transactions using a computer system, and so forth.

Regarding the stock exchange market, we will implement the government's directives on coordinating with the Ministry of Finance and other relevant sectors to have the necessary economic, legal, material, and human resource conditions in 1995 so that the stock exchange market can be created at the earliest possible time. Included in the tasks to be done are the reorganization of state-owned businesses and the introduction of the equitization of businesses to create commodities for the stock exchange market. So far the State Bank has submitted to the government the plan for the establishment of the stock exchange market, and we hope that the National Stock Exchange Committee will be set up during the first quarter of this year to speed up the establishment.

[Le Tien Tuyen] While the capital of banks in general is still limited, there were banks that did not use up their capital, especially the medium- and long-term capital. In time to come, we will receive large amounts of development aid from foreign countries. How will we manage then?

[Cao Si Kiem] Despite the achievements we have recorded in the renovation, our economy still faces many difficulties and obstacles. Though our growth rate has been considerable, we started at a very low level and then were hit with natural disasters that caused our economic development to continue to be unstable. The need for capital for the economy is huge, especially capital obtained from medium- and long-term loans with low interest rates for investment in infrastructure and for relieving the suffering and damage caused by natural disasters, while the ability to satisfy the need of the budget and from accumulated reserves of economic units is insignificant. Our monetary markets are still in their infancy and the stock exchange market is still being formed. All these difficulties put heavy pressure on our banking activity.

The situation of capital not being used or of capital being left in stock has occurred in some places and is evidence

of inadequate interest arrangements. Banks operate on the basis of "borrowing for lending"; that means banks have to apply interest rates in accordance with the market. When banks want to mobilize long-term capital they have to offer higher interest rates than those for short-term capital. So they have to ask for higher interest rates when they lend out. Many businesses still have the habit leftover from the subsidized system period when they ask that medium- and long-term loans should carry lower interest rates than short term loans, thus causing a dilemma for banks and discouraging them from mobilizing medium- and long-term capital. On the other hand, when banks ask for high interest rates for medium- and long-term loans, they put them beyond the reach of many establishments, especially those in agricultural and rural areas, where profitability is still low.

The Vietnam State Bank will continue to resolve this issue through resolute measures to apply a prime interest rate based on the need to mobilize as much money from depositors as possible to issue loans, lower interest rates for both depositors and borrowers based on the proposed reduction of business taxes to be imposed on the banking sector, and reduce banking service fees as far as possible to bring average interest rates to an acceptable level, thus contributing to economic development. Last year, by applying a positive capital-generating strategy, the banking sector met most of the needs for credit loans in support of production and business operations. Investment structures and credit loan terms have vigorously been adjusted. The number of mid- and long-term credit loans has increased (by the end of 1994, the number of mid- and long-term credit loans as well as loans for capital construction increased by 96 percent, thus accounting for 34 percent of the overall loan increase).

As for problems concerning development aid, credit funds of economic organizations, direct foreign investment, funds provided by the state budget to support capital construction, and funds generated by economic organizations themselves..., these do not fall under the responsibility or authority of any specific sector but should be handled according to the work distribution system defined under existing regulations. The Vietnam State Bank will coordinate closely with other sectors in handling those problems.

[Le Tien Tuyen] Mr. Governor, by renovating its operations at an early date, the banking sector has scored results and made great contributions to economic development. Nonetheless, no uniform measures have been adopted to provide the open-door economy with necessary services. Many people maintain that it is necessary to carry out the industrialization and modernization of the banking sector beforehand so that the latter can help boost the national economy. What do you think about this problem and do you have any solution to it?

[Cao Si Kiem] The Resolution of the Midterm Party Conference stressed the need for continued efforts to renovate the operations of the banking sector in a more

vigorous, comprehensive, and thorough manner based on existing orientations, as well as to use drastic tools and forms of activities of the market economy to guide the operations of the banking sector. The modernization of the operations of the banking system must be carried out beforehand so that it can effectively contribute to economic development.

At the start of 1994, the banking sector set forth four major orientations to be observed in the years ahead, including the modernization of banking activities and gradual efforts to create conditions for bringing banking activities to international standards in terms of policies, mechanisms, institutions, management and payment methods, technical operating procedures... Based on the aforementioned orientations, the banking sector has formulated a modernization program for the period from now until the year 2000 and has adopted positive measures to implement it. To date, considerable progress has been made in banking technology, especially when it comes to payments, thus contributing to accelerating the flow of capital to support economic development.

[Le Tien Tuyen] Besides economic development, inflation control is a constant concern of both the Government and people. Last year, we failed to fulfill the inflation control target. Could it be that inflation will recur this year?

[Cao Si Kiem] Big investment goes hand in hand with the acceptance of an appropriate inflation rate. This year's inflation should be held at less than 10 percent. To this end, there must be very quick guidance and timely macromanagement. It is also necessary to take into account the fact that the inflation rate at the start of 1994 remained relatively high compared with the corresponding periods of time in the previous years. This could be explained by objective factors like the occurrence of large-scale natural disasters and the need for the state to adjust the prices of a number of strategic goods... We hope that we will enjoy more favorable conditions this year. By learning from past experiences, the banking sector has adopted six positive measures right from the start of the year to prevent prices from going up like as in previous years. It is necessary for commercial banks to exert very close control when it comes to providing economic organizations with funds before and after the Lunar New Year, bearing in mind the need for rational expenditures while at the same time making efforts to collect old debts. It is necessary to adopt different forms of capital mobilization to draw back money from cash flow. Local state banks must see to it that commercial banks exert tight control over bank loans and comply with mandatory cash reserve regulations. Timely intervention is needed to control the gold and dollar markets. It is necessary to issue state bank debentures to reduce the pressure of cash flow. The Vietnam State Bank will make use of flexible and effective money regulatory measures to help check inflation rate to below 10 percent in 1995 and make the goal of achieving an economic growth rate of 9-10 percent come true.

[Le Tien Tuyen] Thank you, Mr. Governor.

\* Article: **Party Leadership Role 'Comprehensive'**

952E0063A Hanoi *LAO DONG* in Vietnamese  
8 Jan 95 pp 1, 7

[Article by Hoang Hai: "The Party Leading the State—How Should This Immutable Truth Be Applied in the New Situation?"]

[FBIS Translated Text] Over the past years the renovative line set forth by the sixth and seventh party congresses for our country has achieved many fine results. One of the major themes of the line is building a Vietnamese rule-of-law state.

On the occasion of the party's 65th anniversary, we will carry some opinions on this issue.

In our time, nowhere is there a nonclass state. All countries have a ruling party, which represents the interests, ideology, and viewpoints of a definite class. In our country, thanks to the achievements of the protracted revolutionary struggle carried out by our people under the leadership of the Communist Party of Vietnam, this party has become the ruling party, and this fact has determined the particular character of the state of the Socialist Republic of Vietnam.

Party leadership ensures that the state will operate in strict accordance with the political line. It reflects the revolutionary and scientific nature of Marxism-Leninism and Ho Chi Minh thought, ensures persistent adherence to the socialist orientation, and preserves the fine character of the state on the basis of laws, regulations, mechanisms, policies, and domestic and foreign affairs. Party leadership over the strengthening of our state also consists in carrying out propaganda, educating and motivating the masses, building strong political bases for the state, and creating proper conditions for the state to fulfill all its tasks. Thus, it is obvious that party leadership enables the state to bring into fuller play the role, effectiveness, and efficiency of its activities. On the other hand, the ruling party manages society through the state. To put to good account the role and effectiveness of the state in social management is to introduce the party's line to life and to turn it into reality.

Party leadership over the state is comprehensive. It consists, first of all, in leadership over politics, but it also includes leadership over ideology, organizational and cadre-related work, and encompasses the entire process ranging from formulating lines to directing their implementation at the key links. Leadership over politics consists primarily in leadership over political lines, but it also includes leadership over orientations and policies which, despite their apparently specific character, are related in many respects to and have a far-reaching political influence on the masses, and which affect foreign relations. For this reason, we cannot draw a concrete limit or a rigid boundary; instead, we must rely entirely on the capability of party committee echelons, which should know how to select important, key issues for discussion in each specific period of time. At the same time, we must also rely on the sense of partisanship of the comrades in charge of state organs who should know how to bring up issues needing the party's advice but who should not depend passively on the party.

In the process of organizing the implementation of various party lines and policies that have already been institutionalized, the state always benefits from the leadership of the party, which exercises its leadership by monitoring, controlling, and encouraging the state when the latter does good things and proceeds in the right direction; otherwise, the party will promptly rectify all deviant viewpoints of the state, if any. The party also picks virtuous, talented, and highly partisan party members to run in National Assembly elections and creates proper conditions for them to fulfill their tasks.

One thing we should pay utmost attention to is that, unlike the state management method, the party leadership method does not make use of administrative orders. The party leadership method must be persuasion and democratic discussion. With regards to organization, party leadership is exercised through party committees, party groups, party affairs committees, and party members working in various state organs.

Although the party leads the state and the building of the socialist legal system, the party and all its members must operate within the framework of the Constitution and law and must abide by them in an exemplary manner so as to set an example for the masses.

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